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MOTIVATING MSMES TO ADOPT DIGITAL MARKETING: THE ROLE OF CAPABILITIES AND GOVERNMENT SUPPORT

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ABSTRACT

The development of digital technology has driven significant changes in marketing practices, making digital marketing an essential tool for micro, small, and medium enterprises (MSMEs) to increase competitiveness. However, the adoption rate of digital marketing among MSMEs remains suboptimal, especially in regions with a high concentration of MSMEs, such as West Java. This study aims to analyze the influence of technological, organizational, and strategic capabilities, and government support on MSMEs' motivation to adopt digital marketing in the culinary, food, and beverage sector in West Java, Indonesia. This study used a quantitative, explanatory survey design. Data were collected from 418 MSME owners and managers using a purposive sampling technique through a five-point Likert-scale questionnaire. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 3.0 to test the relationships among constructs in the research model. The results show that technological capabilities have a positive and significant influence on MSME motivation, and are the strongest predictors in the research model. Strategic capabilities and government support are also proven to have a positive, significant influence on MSMEs' motivation to adopt digital marketing. In contrast, organizational capabilities did not significantly influence motivation. The research model explained 47.4% of the variance in motivation, indicating moderate explanatory power. This study provides theoretical contributions by broadening the understanding of the factors influencing MSMEs' digital motivation. It offers practical implications for policymakers and business actors in designing strategies to improve digital skills, strengthen strategic capabilities, and encourage sustainable digital marketing adoption through government support.

KEYWORDS: MSME Motivation; Digital Marketing; Technological Capabilities; Strategic Capabilities; Government Support.

1. INTRODUCTION

The rapid development of digital technology has fundamentally transformed business practices, making digital marketing a strategic tool for micro, small, and medium enterprises (MSMEs) to expand market reach, increase customer engagement, and improve operational efficiency (Morgan et al., 2019; Kannan & Li, 2017). Digital transformation not only affects how companies interact with customers but also changes the patterns of business competition, which increasingly relies on information and communication technology. In the modern economic context, the ability to utilize digital technology is a critical factor in determining business sustainability, especially for MSMEs, which face resource constraints compared to larger companies. MSMEs play a strategic role in the Indonesian economy, contributing significantly to job creation and national economic stability. This sector accounts for more than 60% of Indonesia's workforce (Putra & Santoso, 2020), making increasing the digital capacity of MSMEs a key agenda item in the national economic development strategy.

However, many MSMEs in developing countries, including Indonesia, still face significant challenges in optimally adopting digital marketing. Various government-led digitalization programs have shown significant progress. By 2022, more than 20 million MSMEs had been digitized through various national initiatives (Kominfo, 2022). However, the adoption rate of digital technology remains relatively low and uneven across regions and business sectors. Barriers faced by MSMEs include limited financing, insufficient sustainable digital training, suboptimal policy support, limited business mentoring, and inadequate technological infrastructure. Furthermore, internal factors such as a lack of confidence in using digital technology and low psychological readiness among business owners can also slow the digital transformation process. This situation underscores the need for a deeper understanding of the factors influencing digital marketing adoption among MSMEs, particularly in developing countries with diverse economic and social characteristics (Bıçakcıoğlu-Peynirci et al., 2019).

West Java Province is a highly relevant context for examining this issue, given its large and diverse MSME population. West Java has over seven million MSMEs, making it the region with the second-highest number of MSMEs in Indonesia. However, only around 21% of MSMEs have effectively adopted digital tools (Open Data Jabar, 2022). The food, beverage, and culinary sector dominate the MSME

sector in this region, accounting for 67% of the total. This sector has significant growth potential through digital marketing, particularly in product promotion, reaching new consumers, and increasing customer loyalty. However, digital engagement in this sector remains inconsistent, despite various digitalization initiatives undertaken by the government and the private sector. This indicates that digital technology adoption is influenced not only by technological availability but also by organizational readiness and a supportive business environment.

Adopting digital marketing provides various strategic benefits for MSMEs, including leveraging customer data, personalizing product offerings, and strengthening competitiveness in an increasingly competitive marketplace (Ogink & Dong, 2019; Verhoef et al., 2017). To understand the factors influencing digital technology adoption, many studies have used the Technology Organization Environment (TOE) framework introduced by Tornatzky and Fleischer (1990). This framework explains that technology adoption is influenced by three main dimensions: technological, organizational, and environmental factors. Although the TOE framework has been widely used in previous research, most studies have focused on e-commerce, digital transformation in general, and organizational operational performance. These studies provide limited insight into how the factors within the TOE framework specifically influence entrepreneurs' motivation to adopt digital marketing as part of their business strategy (Tornatzky & Fleischer, 1990; Salah & Ayyash, 2024; Nguyen et al., 2022; Dadhich & Hiran, 2022).

Motivation is a crucial factor in shaping entrepreneurial behavior and technology adoption decisions. In the context of entrepreneurship, motivation not only reflects the desire to adopt innovation but also indicates an individual's readiness to face change and business uncertainty. Various studies have shown that motivation plays a central role in driving entrepreneurial behavior and increasing entrepreneurs' propensity to adopt new technologies (Stevenson & Jarillo, 1990; Shane et al., 2003; Barba-Sánchez & Atienza-Sahuquillo, 2017). As global competition intensifies, digital marketing capabilities are increasingly recognized as a source of sustainable competitive advantage. Digital marketing enables MSMEs to create added value through product and service innovation and enhances the effectiveness of customer communication (Chinakidzwa & Phiri, 2020; Masrianto et al., 2022). Therefore, understanding the factors influencing MSMEs' motivation to adopt

digital marketing is crucial to supporting sustainable digital transformation.

This study addresses the existing research gap by integrating the TOE framework with motivation theory, arguing that motivation serves as both a key psychological outcome and a crucial mechanism in driving digital transformation, particularly in resource-constrained business environments. Unlike previous approaches that focused primarily on organizational aspects, this study positions MSME owners as key actors in the technology adoption process. The focus on individual business owners is particularly relevant for micro and small businesses, where strategic decisions are heavily influenced by psychological well-being, risk perception, and confidence in digital technology.

By focusing on motivation as a primary variable, this study contributes to the growing literature in several important aspects. First, this study shifts the unit of analysis from the organizational level to the entrepreneurial actor level, which is considered more appropriate for understanding the dynamics of micro-enterprises, where the psychological state of the business owner significantly determines the direction of business development. Second, this study expands the TOE framework by positioning motivation as a psychological outcome of the interaction between technological, organizational, and environmental factors. This approach provides a new perspective on how external and internal factors can influence MSMEs' digital readiness. Third, this study provides empirical evidence from a region with a high MSME density, namely West Java, offering important insights into why traditional organizational capabilities often fail to drive digital readiness, particularly in the informal economy.

Based on this background, this study aims to develop and empirically test an integrated model that combines technological, organizational, and environmental factors, with motivation as the primary psychological mechanism driving digital marketing adoption among MSMEs in the culinary, food, and beverage sector in West Java. Thus, this research is expected to provide theoretical contributions in the development of a motivation-based technology adoption model, as well as provide practical implications for MSME actors and policymakers in designing more effective strategies to increase digital readiness and competitiveness of MSMEs in the digital economy era.

2. LITERATURE REVIEW

2.1. Technology, Organization, And Environment (TOE) Framework

The Technology, Organization, and Environment (TOE) framework proposed by Tornatzky and Fleischer (1990) is a widely used model for explaining organizational technology adoption, emphasizing the roles of technological characteristics, organizational readiness, and environmental pressures. Its relevance has been consistently validated across various digital contexts, particularly among resource-constrained SMEs and MSMEs, including digitalization, social media adoption, export competitiveness, and digital resilience during the COVID-19 pandemic (Baker, 2012; Oliveira & Martins, 2011; Salah & Ayyash, 2024). Recent calls in the entrepreneurship literature suggest that understanding the motivations underlying these adoption decisions is crucial, particularly in MSMEs where owner-managers are the primary decision-makers (Barba-Sánchez & Atienza-Sahuquillo, 2017). Further empirical studies confirm that ease of use of technology, leadership support, and environmental factors such as market pressure and institutional support significantly influence the adoption of digital marketing and e-commerce among MSMEs, highlighting the importance of technology readiness as a strategic priority to strengthen competitiveness and market performance (Sam & Mu'min, 2025; Asmawati, 2024).

2.2. Technological Capabilities

Technological capability reflects MSMEs' ability to use, integrate, and manage digital technology. Based on Self-Determination Theory (SDT), we argue that technological capability satisfies the psychological need for competence. When business owners perceive they possess the digital literacy and infrastructure to use technology effectively, their sense of self-efficacy increases, which in turn fuels their intrinsic motivation to adopt digital marketing (Davis, 1989; Venkatesh & Bala, 2008). Within the TOE framework, technological attributes such as relative advantage, compatibility, and ease of use reduce perceived uncertainty and risk, thereby increasing adoption across digital marketing, communications, and e-commerce contexts (Konopik et al., 2022; Lan & Hou, 2021; Religia, 2023). Therefore, we propose:

H₁: Technological capability will positively influence motivation.

2.3. Organizational Capabilities

Organizational capability refers to internal resources such as financial readiness, human resources, leadership commitment, and digital orientation that influence digital adoption in MSMEs.

Within the TOE framework, organizational readiness, reflected in the availability of technical and financial resources and top management support, is a key determinant of innovation adoption, as strong managerial commitment supports successful digital implementation (Grandon & Pearson, 2004; Abed, 2020). However, in developing countries, the informal and unstructured nature of many MSMEs, especially microenterprises, often reduces the influence of formal organizational structures on digital decision-making (Maryani & Perbangsa, 2021). If the organizational environment is too rigid or lacks a specific digital orientation, it may not effectively translate into individual motivation. Conversely, a supportive organizational climate should, in theory, provide the autonomy and resources necessary for owners to feel motivated. Therefore:

H₂: Organizational capability will have a positive effect on motivation.

2.4. Strategic Capabilities

Strategic capabilities encompass the ability to anticipate market changes and align digital tools with business objectives. From a resource-based view (RBV), strategic capabilities are high-level resources that enable a company to derive value from its core IT assets (Teece, 2018). From a motivational perspective, having a clear strategic vision provides a sense of purpose or autonomy in decision-making. MSMEs that can formulate long-term digital plans tend to feel more in control of their digital transformation journey, leading to greater proactivity and motivation (Warner & Wäger, 2019; Dangpham, 2022). Therefore, we hypothesize:

H₃: Strategic capabilities will positively influence motivation.

2.5. Environmental Or Government Support

Environmental factors, particularly government support, are crucial in developing countries where market failures are common. Government initiatives such as training, subsidies, and infrastructure development reduce the perceived risks associated with new technologies (Clemente-Almendros *et al.*, 2025; Bamgbade *et al.*, 2022). This external support acts as a form of environmental “connectedness” and empowerment, signaling that digital marketing is a legitimate and supported pathway. By reducing external pressures and increasing trust in the digital ecosystem, government support increases owners’ extrinsic and intrinsic incentives to participate (Fridayani *et al.*, 2023). Based on this, we propose:

H₄: Government support will positively influence motivation to adopt digital marketing.

2.6. Motivation Theory in Digital Adoption

Motivation is a psychological factor that influences the willingness to adopt new technologies. Entrepreneurial motivation includes intrinsic motivation (e.g., a desire for growth and autonomy) and extrinsic motivation (e.g., profit opportunities and customer demand). Previous research suggests that motivation influences technology adoption through emotional, cognitive, and behavioral pathways (Stevenson & Jarillo, 1990; Barba-Sánchez & Atienza-Sahuquillo, 2017). Motivation theory highlights that motivation influences decision-making, risk-taking behavior, and the willingness to invest resources in new technologies. In the context of MSMEs, motivation is often shaped by personal goals, perceived business opportunities, and entrepreneurial drive. The literature also suggests that motivation increases digital marketing adoption, which in turn enhances digital marketing capabilities.

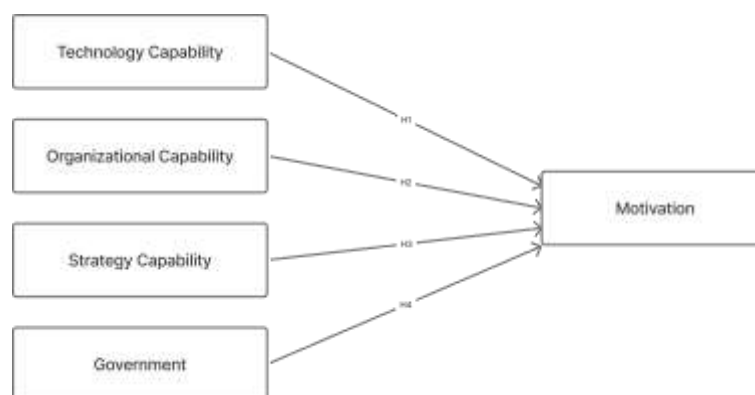


Figure 1: Research Model.
Source: Author's Compilation (2026).

3. RESEARCH METHODOLOGY

3.1. Research Design

This study employed a quantitative research design with an explanatory approach to test the causal relationships among variables in the proposed research model. This approach was chosen because it provides an empirical understanding of the influence of technological, organizational, and environmental factors on MSMEs' motivation to adopt digital marketing. This study was survey-based, with the analysis unit being owners and managers of micro, small, and medium enterprises (MSMEs) in West Java, Indonesia, specifically in the culinary, food, and beverage sectors. This sector was selected based on its dominance within the MSME structure and its relevance to digital marketing practices.

Data analysis was conducted using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach with SmartPLS 3.0. This method was chosen because it is suitable for testing complex models with many latent constructs and does not require a normal data distribution (Hair et al., 2019). Furthermore, PLS-SEM is effective for exploratory research and theory development, particularly for integrating the TOE framework with psychological variables such as motivation.

In its implementation, this study upheld high research ethics standards. This study is categorized as low-risk research because it involved only a survey on business practices and no experimental interventions. It did not involve vulnerable populations, did not collect sensitive personal data, and posed no physical, psychological, social, or economic risks to participants. Therefore, formal ethics committee approval was not required, in accordance with institutional research ethics guidelines and international standards in business research, including those of the Academy of Management. The entire research process adhered to the ethical principles outlined in the Belmont Report, namely respect for individuals, beneficence, and fairness.

3.2. Measurement Of Variables

The variables in this study were measured using a questionnaire instrument adapted from previously validated literature, ensuring conceptual validity and measurement reliability. All items were measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The variables in this study comprised several key constructs representing dimensions within the TOE framework, as well as motivational variables, such as psychological aspects. Technological capability was measured using indicators adapted from Davis & Venkatesh (1996) that reflect perceptions of the ease

and usefulness of technology use. Organizational capability was measured using Grandon & Pearson's (2004) framework, encompassing internal resources and organizational readiness to adopt technology.

Furthermore, strategic capability was measured using an instrument from Warner & Wagner (2019), reflecting an organization's capacity to design and implement digital-based strategies. Government support, as an environmental factor, was measured using indicators from Bamgbade et al. (2022) that reflect the role of government policies, facilities, and programs in encouraging MSME digitalization. Motivation variables were measured using items adapted from Shane et al. (2003) that reflected digital readiness and willingness to learn. This construct represents the psychological aspects that drive MSMEs to adopt digital marketing as part of their business strategy. Detailed justification for the research variables and measurement items used is presented in full in the appendix to provide transparency and support research replication.

In addition, this study conceptually focuses on key variables derived from the Technology-Organisation-Environment (TOE) framework, which has been widely recognised as a comprehensive model for explaining technology adoption in organisations, particularly in MSMEs. Other variables that could potentially influence motivation, such as individual digital literacy, prior technology experience, or organisational culture factors, are not included in this research model to maintain simplicity and focus on the core TOE dimensions relevant to the research objectives. The selection of variables in this study also considers the balance between the completeness of the theoretical model and the practical limitations of field data collection, so that the model used remains parsimonious and suitable for analysis using the PLS-SEM approach. In addition, the variables selected in this study represent internal factors (technology, organisation, and strategy) and external factors (government support), which are conceptually considered to be the main determinants of motivation in the context of digital marketing adoption in MSMEs.

3.3. Data Collection

The population in this study was MSME owners and managers operating in West Java, Indonesia. The sampling technique used was purposive sampling, with respondents being MSMEs actively operating businesses in the culinary, food, and beverage sector and involved in business decision-making. A total of 418 respondents were included in this study. Data were collected through an online questionnaire,

enabling a wider reach and greater efficiency in the data collection process.

Before completing the questionnaire, all participants were given a clear explanation of the study's purpose and scope, the voluntary nature of participation, and the respondent's right to withdraw at any time without consequences. Furthermore, respondents were informed that the collected data would be used solely for academic purposes and that their confidentiality and anonymity would be guaranteed. Verbal informed consent was obtained before the survey was administered. This process ensured that all respondents understood their rights and obligations as research participants. This research was considered to have minimal risk because it involved only questions about business practices and capabilities, without sensitive or potentially harmful elements. There were no experimental interventions in this study, and no personal data that could directly identify respondents was collected. Thus, this research meets internationally accepted ethical standards for business and management research.

4. RESULTS AND DISCUSSION

4.1. Results

Descriptive statistics were used to describe the characteristics of the research variables using means and standard deviations, followed by normality testing to ensure that the metric variables met the assumption of normality, as violations can affect the validity of the statistical analysis (Hair et al., 2019; Kline, 2015). Normality was assessed using skewness and kurtosis values, which indicate symmetry and peakedness of the data (Tabachnick et al., 2007). Given the large sample size (over 200), small deviations were considered acceptable (Hair et al., 2019). The results showed that all skewness and kurtosis values were within the acceptable threshold of ± 2.58 , indicating that the data met the assumption of normality. Reliability analysis using Cronbach's alpha further confirmed high internal consistency across constructs, with values ranging from 0.895 to 0.955 (Hair et al., 2019). Furthermore, Structural Equation Modeling (SEM) was used as the primary analysis technique, as it allows for the simultaneous testing of complex relationships among latent

variables by integrating factor analysis and path analysis, thus ensuring a robust examination of the proposed research model and a strong alignment between the theoretical framework and empirical findings (Hair et al., 2019).

4.1.1. Respondent Profile

The respondent characteristics presented in Table 1 show that the majority of respondents came from the food sector (329, 79%), while the beverage sector accounted for 89 respondents (21%). Based on their business position, the majority of respondents were business owners (240 respondents (57%)), followed by employees (96 respondents (23%)), and managers (82 respondents (20%)). This indicates that most respondents play a strategic role in business decision-making. In terms of gender, the majority of respondents were female (254 respondents (61%)), while 164 were male (39%). Based on age, the 20-30 age group dominated with 233 respondents (56%), followed by the 31-40 age group (114 respondents (27%)) and the 41-50 age group (71 respondents (17%)). These findings indicate that the MSMEs in this study are predominantly of productive age and relatively adaptable to digital technology. In terms of business size, the majority of MSMEs have a workforce of 1-4 people (213 respondents (51%)), followed by 5-10 people (138 respondents (33%)), and 11-50 people (67 respondents (16%)). Based on business scale, the majority are micro businesses (319 respondents (76%)), while small businesses number 99 respondents (24%). The educational level of respondents is dominated by bachelor's graduates (222 respondents (53%)), followed by high school (185 respondents (44%)), and master's degree (11 respondents (3%)). Based on the length of time running the business, the majority of respondents have been in business for less than 5 years (229 respondents (55%)), followed by 5-10 years (126 respondents (30%)), and more than 10 years (63 respondents (15%)). In addition, based on experience with digital marketing, the majority of respondents (260 respondents, 62%) have been using it for less than 5 years, indicating that the majority of MSMEs are still in the early stages of the digital technology adoption process.

Table 1: Respondent Characteristics.

Description	Category	Number	Percentage
Industry Classification	Food	329	79%
	Beverage	89	21%
Position	Owner	240	57%
	Manager	82	20%
	Employee	96	23%

Gender	Male	164	39%
	Female	254	61%
Age	20-30	233	56%
	31-40	114	27%
	41-50	71	17%
Firm Size	1-4 People	213	51%
	5-10 People	138	33%
	11-50 People	67	16%
Business Scale	Small	99	24%
	Micro	319	76%
Education	Senior High School	185	44%
	Bachelor Degree	222	53%
	Master	11	3%
Years in Business	< 5	229	55%
	5 - 10	126	30%
	> 10	63	15%
Years Using Digital Marketing	< 5	260	62%
	5 - 10	104	25%
	> 10	54	13%

Source: Author's Calculation Results (2026)

4.1.2. Measurement Model

The measurement model was evaluated using the maximum likelihood (ML) estimation method in SmartPLS 3.0 to assess model fit in a confirmatory factor analysis, using several goodness-of-fit indicators. Following Hair et al. (2019), all constructs—Governance (GS1-GS4), Motivation (M1-M5), Organizational Capability (OC1-OC5), Strategic Capability (SC1-SC4), and Technological Capability (TC1-TC4)—were first examined for internal consistency using composite reliability and Cronbach's alpha. Convergent validity was assessed

through outer loading and average variance extracted (AVE). The results showed that all indicators achieved loading values above the recommended threshold of 0.70, and all constructs demonstrated AVE values that met the required criteria, confirming adequate convergent validity (Fornell & Larcker, 1981; Hair et al., 2019). In addition, all constructs showed composite reliability values above 0.70, and Cronbach's alpha values exceeded the minimum acceptable level, indicating that the measurement model was reliable and suitable for further structural model analysis, as presented in Tables 1 and 2.

Table 2: Reliability Test for Investigated Constructs (Cronbach's Alpha).

Constructs	Sample	Total Items	Cronbach's Alpha	Reliability
Government	418	4	0.955	High
Motivation	418	5	0.939	High
Organizational Capability	418	5	0.895	High
Strategy Capability	418	4	0.913	High
Technology Capability	418	4	0.915	High

Source: Author's Calculation Results (2026)

Based on the reliability test results presented in Table 1, all constructs in this study demonstrated high reliability. Reliability testing was conducted using Cronbach's alpha to assess the internal consistency of each indicator within the research construct. A Cronbach's alpha value exceeding 0.70 indicates that the research instrument has a high level of internal consistency and is suitable for further analysis.

The test results show that the Government construct has a Cronbach's alpha value of 0.955, indicating a very high level of reliability in measuring government support for digital marketing adoption. The Motivation construct had a Cronbach's alpha of 0.939, indicating that the items consistently reflect MSMES' digital readiness and willingness to

adopt digital technology. Furthermore, the Organizational Capability construct demonstrated a Cronbach's alpha value of 0.895, indicating that the indicators used consistently describe the organization's ability to support digital transformation.

Furthermore, the Strategy Capability construct achieved a Cronbach's alpha of 0.913, indicating strong internal consistency among the indicators. Meanwhile, the Technology Capability construct achieved a Cronbach's alpha of 0.915, indicating that the technological capability indicators consistently and stably measured technological readiness across respondents. All constructs in this study had Cronbach's alpha values above 0.80, indicating high reliability. These results demonstrate that the

instruments used in this study have good measurement quality and are reliable for further

analysis, particularly in testing the structural model using the PLS-SEM approach.

Table 3: Constructs' Reliability and Convergent Validity.

Model constructs	Outer Loading	Composite Reliability (CR)	Average Variance Extracted (AVE)
Government		0.967	0.881
GS1	0.923		
GS2	0.969		
GS3	0.957		
GS4	0.904		
Motivation		0.954	0.807
M1	0.954		
M2	0.955		
M3	0.880		
M4	0.854		
M5	0.842		
Organizational Capability		0.922	0.704
OC1	0.853		
OC2	0.795		
OC3	0.887		
OC4	0.799		
OC5	0.858		
Strategy Capability		0.939	0.793
SC1	0.917		
SC2	0.860		
SC3	0.879		
SC4	0.906		
Technology Capability		0.940	0.796
TC1	0.852		
TC2	0.880		
TC3	0.925		
TC4	0.910		

Source: Author's Calculation Results (2026)

The results of construct reliability and convergent validity tests presented in Table 2 indicate that all constructs in this study met the criteria required for PLS-SEM analysis. Convergent validity was evaluated using outer loadings, composite reliability (CR), and average variance extracted (AVE). An outer loading value exceeding 0.70 indicates that the indicator has a strong contribution in representing the construct being measured. In contrast, a CR value above 0.70 and an AVE value above 0.50 indicate adequate levels of reliability and convergent validity.

The Government construct demonstrated a composite reliability value of 0.967 and an AVE value of 0.881, indicating excellent reliability and convergent validity. All indicators within this construct had high outer loadings, ranging from 0.904 to 0.969, indicating that each item strongly and consistently represents the government support construct. Furthermore, the Motivation construct has a composite reliability value of 0.954 and an AVE of 0.807. The outer loading values for this construct range from 0.842 to 0.955, indicating that all indicators adequately describe the motivational dimension and have strong convergent validity. The

Organizational Capability construct shows a composite reliability value of 0.922 and an AVE of 0.704. The outer loading values of the indicators on this construct range from 0.795 to 0.887, indicating that the indicators used have a strong ability to represent the organization's capacity to support the adoption of digital technology. In addition, the Strategy Capability construct shows a composite reliability of 0.939 and an AVE of 0.793, with outer loadings ranging from 0.860 to 0.917. These results indicate that the strategic capability construct has high internal consistency and optimally explains the variance in the indicators. The Technology Capability construct also demonstrated adequate results, with a composite reliability value of 0.940 and an AVE of 0.796. The outer loading values for this construct ranged from 0.852 to 0.925, indicating a strong relationship between the technology indicators and the construct being measured.

All constructs in this study met the recommended criteria for construct reliability and convergent validity. These results indicate that the research instrument has good measurement quality and is suitable for further analysis, particularly in testing

the structural model and the relationships between constructs within the research model.

Table 4: Fornell-Larcker Criterion Analysis.

Variable	Government	Motivation	Organizational Capability	Strategy Capability
Government	0.939			
Motivation	0.573	0.898		
Organizational Capability	0.696	0.536	0.839	
Strategy Capability	0.717	0.612	0.803	0.891
Technology Capability	0.621	0.628	0.609	0.676

Source: Author's Calculation Results (2026)

The results of the discriminant validity test using the Fornell-Larcker criteria, presented in Table 3, indicate that all constructs in this study meet the requirements for discriminant validity. Discriminant validity aims to ensure that each construct in the research model has unique characteristics and can be empirically distinguished from other constructs. The Fornell-Larcker criteria state that the square root of the Average Variance Extracted (AVE) for each construct must be greater than the correlation values between the other constructs in the model.

Based on the analysis, the Government construct has a square root AVE of 0.939, which is higher than its correlations with other constructs, such as Motivation (0.573), Organizational Capability (0.696), Strategy Capability (0.717), and Technology Capability (0.621). This indicates that the Government construct has a high level of discrimination and can clearly differentiate itself from other constructs. The Motivation construct shows a square root AVE of 0.898, which is higher than its correlations with the Government construct (0.573), Organizational Capability (0.536), Strategy Capability (0.612), and Technology Capability (0.628). This finding indicates that the Motivation construct has adequate discriminant validity and

does not experience conceptual overlap with other constructs in the model. Furthermore, the Organizational Capability construct has a square root AVE value of 0.839, which is higher than its correlation with the Government construct (0.696), Motivation (0.536), Strategy Capability (0.803), and Technology Capability (0.609). Although the correlation between Organizational Capability and Strategy Capability is relatively high, the square root of the AVE is still greater, thereby meeting the criteria for discriminant validity. The Strategy Capability construct demonstrated a square root mean squared correlation (AVE) of 0.891, which is also higher than its correlation with other constructs, including Government (0.717), Motivation (0.612), Organizational Capability (0.803), and Technology Capability (0.676). This result confirms that the Strategy Capability construct is clearly distinct from the other constructs in the research model.

The analysis using the Fornell-Larcker criteria indicates that all constructs in this study have good discriminant validity. Thus, each construct can empirically measure different concepts; the measurement model in this study is deemed suitable for further structural and hypothesis testing.

Table 5: Loading And Cross Loading of Measures.

Variable	Government	Motivation	Organizational Capability	Strategy Capability
GS1	0.923	0.528	0.676	0.720
GS2	0.969	0.537	0.637	0.627
GS3	0.957	0.557	0.609	0.690
GS4	0.904	0.529	0.696	0.656
M1	0.498	0.954	0.476	0.550
M2	0.496	0.955	0.465	0.553
M3	0.568	0.880	0.583	0.630
M4	0.549	0.854	0.541	0.551
M5	0.465	0.842	0.336	0.463
OC1	0.568	0.512	0.853	0.638
OC2	0.522	0.376	0.795	0.606
OC3	0.607	0.481	0.887	0.723
OC4	0.580	0.396	0.799	0.657
OC5	0.643	0.461	0.858	0.744
SC1	0.624	0.625	0.722	0.917
SC2	0.583	0.489	0.640	0.860
SC3	0.658	0.494	0.803	0.879
SC4	0.692	0.554	0.701	0.906
TC1	0.457	0.497	0.438	0.541

TC2	0.559	0.597	0.550	0.566
TC3	0.517	0.562	0.528	0.602
TC4	0.669	0.578	0.643	0.698

Source: Author's Calculation Results (2026)

The results of the loading and cross-loading analyses presented in Table 4 indicate that all indicators in this study exhibit adequate discriminant validity. Cross-loading evaluation was conducted to ensure that each indicator has the highest loading value on the intended construct compared to other constructs. This indicates that the indicator can better represent the construct being measured than other constructs in the model.

Based on the analysis, the indicators in the Government construct (GS1-GS4) exhibit high loading values on their own construct, ranging from 0.904 to 0.969, which are greater than the cross-loading values for other constructs. This indicates that these indicators consistently represent the government support dimension. Furthermore, the indicators in the Motivation construct (M1-M5) have the highest loading values on the Motivation construct, with values ranging from 0.842 to 0.955. These values are higher than the cross-loadings for other constructs, indicating that the indicators used accurately measure the motivational aspects of MSMEs in adopting digital marketing. Indicators in the Organizational Capability construct (OC1-OC5) also show strong loadings on their own constructs, ranging from 0.795 to 0.887. These values are higher than the cross-loadings on other constructs, indicating that these indicators have a strong ability to represent the organization's capacity to support the implementation of digital technology. Similarly, indicators in the Strategy Capability construct (SC1-SC4) show high loadings, ranging from 0.860 to 0.917. These values are greater than the cross-loadings on other constructs, indicating that the strategy indicators have adequate discriminant validity and can differentiate the strategy construct from other constructs. In addition, indicators in the Technology

Capability construct (TC1-TC4) also show a consistent pattern, where the loading values on their own constructs are higher than the cross-loading values on other constructs. However, some cross-loadings show moderate relationships with other constructs; the main loading value remains dominant, thus meeting the criteria for discriminant validity.

The results of the loading and cross-loading analyses indicate that all indicators in this study have good discriminant validity. Each indicator represents the intended construct more strongly than the others, thereby confirming that the measurement model in this study is suitable for structural model analysis and subsequent hypothesis testing.

4.1.3. Structural Model and Hypothesis Testing

After the measurement model was confirmed to meet the criteria for convergent validity, discriminant validity, and reliability, the structural model was evaluated using path coefficients, t-statistics, and p-values obtained via the bootstrapping procedure in SmartPLS 3. The results indicated that most of the hypothesized relationships were statistically supported, as evidenced by t-values exceeding 1.96 and p-values below 0.05. Furthermore, the coefficient of determination (R^2) indicated that the model explained a substantial proportion of the variance in the Motivation construct, indicating strong predictive power of the exogenous variables. These findings confirmed the robustness of the proposed research model and demonstrated the significant contribution of the tested exogenous variables in predicting Motivation, as illustrated in Figure 2 (Hair et al., 2019).

Table 6: Results Of Hypotheses Testing.

Hypotheses	Path Coefficient	Sample Mean	Standard Deviation	T-Value	P-Value	Decision
H ₁ : Technology Capability → Motivation	0.351	0.352	0.059	0.059	0.000	Supported
H ₂ : Organizational Capability → Motivation	-0.002	-0.003	0.072	0.072	0.978	Not supported
H ₃ : Strategy capability → Motivation	0.249	0.251	0.075	0.075	0.001	Supported
H ₄ : Government support → Motivation	0.178	0.177	0.053	0.053	0.001	Supported

Source: Author's Calculation Results (2026)

The results of the hypothesis testing presented in Table 5 indicate that most of the relationships in the research model have a significant influence on MSMEs' motivation to adopt digital marketing. Hypothesis testing was conducted by evaluating the

path coefficient, t-value, and p-value at the 0.05 significance level.

The first hypothesis (H₁), which examines the effect of technological capability on motivation, yielded a path coefficient of 0.351 ($p = 0.000$). These

results indicate that technological capability has a positive and significant influence on MSME motivation. Thus, H_1 is supported. This finding indicates that the greater a MSME's technological capability, the greater its motivation to adopt digital marketing. The second hypothesis (H_2), which examines the effect of organizational capability on motivation, yielded a path coefficient of -0.002 ($p = 0.978$). These results indicate that organizational capability does not significantly influence MSME motivation to adopt digital marketing. Therefore, H_2 is not supported. These findings indicate that, in this study, organizational factors have not been a primary driver of increased digital motivation among MSMEs. The third hypothesis (H_3), which examines the effect of Strategic Capability on Motivation, yielded a path coefficient of 0.249 ($p = 0.001$). These results indicate a positive and significant relationship between strategic capability and MSME motivation, thus supporting H_3 . This suggests that the ability to

design and implement digital strategies plays a significant role in increasing motivation to adopt digital marketing. The fourth hypothesis (H_4), which examines the effect of Government Support on Motivation, yielded a path coefficient of 0.178 ($p = 0.001$). These results indicate that government support has a positive and significant influence on MSME motivation, thus supporting H_4 . These findings indicate that government policies, facilities, and support programs play a role in encouraging MSMEs' readiness to adopt digital technology.

Hypothesis testing results indicate that Technology Capability, Strategy Capability, and Government Support have a positive and significant influence on MSME motivation, whereas Organizational Capability does not. These findings indicate that technology, strategy, and external support are the primary determinants in increasing motivation to adopt digital marketing among MSMEs.

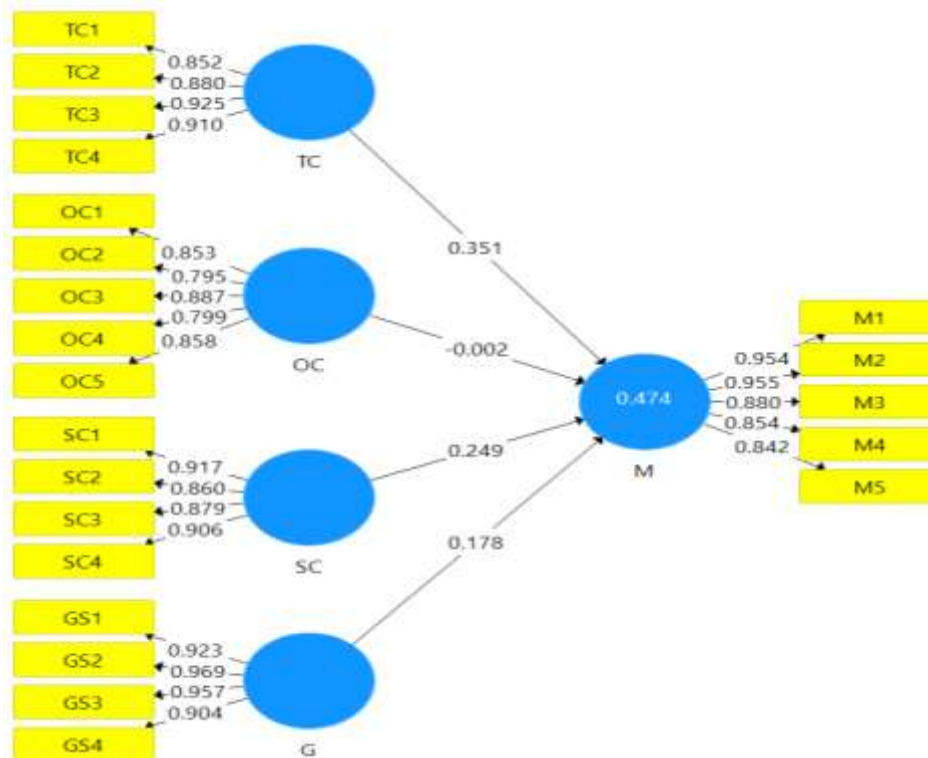


Fig 2: Outer Loadings for Path Model.

The results of the outer loadings test for the path model shown in Fig. 2 indicate that all indicators have adequate loadings and meet convergent validity criteria. In general, the outer loadings for each indicator exceed the recommended threshold of 0.70, indicating that the indicators used can represent the latent constructs strongly and consistently.

For the Technology Capability (TC) construct, all indicators showed high loading values, ranging from

0.852 to 0.925. This value indicates that the technological capability indicator makes a significant contribution to explaining the technology construct, particularly in supporting the digital readiness of MSMEs. Furthermore, the Organizational Capability (OC) construct showed indicator loadings ranging from 0.795 to 0.887, indicating that all indicators have strong relationships with the construct. This demonstrates that aspects of internal resources and

organizational readiness can be consistently measured using the indicators used in this study. For the Strategy Capability (SC) construct, the indicator loading values ranged from 0.860 to 0.917, indicating excellent convergent validity. This finding confirms that strategic capability in designing and implementing digital strategies is a stably measurable construct in the research model. The Government Support (G) construct also showed high loadings, ranging from 0.904 to 0.969, indicating that the government support indicator can strongly describe the role of external policies and facilitation. In addition, the Motivation (M) construct, as an endogenous variable, exhibited excellent indicator loadings, ranging from 0.842 to 0.955. This indicates that the motivation indicators are highly consistent in reflecting MSMEs' psychological readiness and willingness to adopt digital marketing. Furthermore, the structural model in Fig. Table 2 shows that the Motivation variable has an R-square value of 0.474, indicating that the constructs of Technology Capability, Organizational Capability, Strategy Capability, and Government Support can explain 47.4% of the variation in MSME motivation in adopting digital marketing. Factors outside the research model influence the remaining 52.6%.

The outer loadings in the path model indicate that all indicators meet convergent validity criteria and adequately represent the research constructs. This indicates that the measurement model used in this study is of high quality and suitable for analyzing structural relationships among variables.

5. DISCUSSION

The results of this study provide empirical insight into the factors influencing MSMEs' motivation to adopt digital marketing, particularly in the culinary, food, and beverage sector in West Java. In general, the research findings indicate that technological capability, strategic capability, and government support are important factors driving MSMEs' motivation to engage in digital transformation. In contrast, organizational capability did not show a significant influence. The structural model in this study explained 47.4% of the variance in motivation, which is considered moderate in standard PLS-SEM (Hair et al., 2019). This finding reflects the common challenges of digital readiness among informal MSMEs, as Reuschke & Mason (2020) explain, where limited resources and simple organizational structures often hinder the digitalization of small businesses.

Specifically, the results indicate that technological capability is the strongest predictor of increased

motivation among MSMEs to adopt digital marketing. This is supported by the results of the first hypothesis test (H_1), which indicate a positive and significant effect of technological capability on motivation, with a path coefficient of 0.351 and a p-value of 0.000. These findings indicate that MSMEs with adequate digital skills and access to appropriate technological tools are more motivated to use digital marketing in their business activities. These results align with the Technology Acceptance Model, which states that digital skills shape perceived ease of use and individual intentions to adopt technology (Venkatesh et al., 2003). In the context of MSMEs in West Java, technological capability is not only about using digital tools but also reflects an individual's readiness to understand the benefits of technology and their ability to integrate it into marketing activities.

Conversely, the study's results indicate that organizational capability does not significantly influence MSMEs' motivation to adopt digital marketing. This is demonstrated by the results of the second hypothesis test (H_2), which showed a path coefficient of -0.002 ($p = 0.978$), providing empirical support for the hypothesis. These findings suggest that, in the context of MSMEs in West Java, organizational factors such as formal structure and organizational routines are not yet the primary drivers of digital motivation. This is likely due to the characteristics of MSMEs, which tend to have simple and informal organizational structures. Most MSMEs in Indonesia operate with a limited workforce and owner-centered decision-making, making formal organizational aspects less relevant in determining digital readiness. This finding aligns with previous research showing that organizational routines are not always a determining factor in digital readiness in small businesses with minimal structure (Putra & Santoso, 2021; Awa et al., 2015). Furthermore, the insignificance of organisational capacity can also be explained by the predominance of micro-enterprises in this study sample, where most respondents have a workforce of 1-4 people. In these conditions, organisational functions are often integrated with the role of the individual business owner, making the boundary between individual and organisational capacity unclear. This results in organisational variables not showing a strong influence on motivation, because personal perceptions more strongly influence technology adoption decisions, readiness to learn, and the business owner's strategic orientation. In other words, in the context of micro-SMEs, organisational capacity may play an indirect role or become significant only as the business grows

and adopts a more formal organisational structure.

Furthermore, strategic capabilities were shown to have a positive and significant influence on MSMEs' motivation to adopt digital marketing. Testing the third hypothesis (H_3) yielded a path coefficient of 0.249 ($p = 0.001$), indicating that strategic capabilities significantly increase entrepreneurs' digital motivation. This finding indicates that MSMEs with a clear business strategy and the ability to plan business development steps systematically are better prepared to adopt digital technology. Strategic capabilities enable MSMEs to identify digital market opportunities, design effective marketing strategies, and integrate technology into their business growth plans. The results of this study are consistent with previous research showing that SMEs with a strong strategic orientation are more likely to engage in digital transformation and technological innovation processes (Teece, 2018; Adel, 2022).

Furthermore, government support has been shown to positively and significantly influence MSMEs' motivation to adopt digital marketing. The results of testing the fourth hypothesis (H_4) showed a path coefficient of 0.178 ($p = 0.001$), indicating that external government support significantly improves MSME digital readiness. Government support can take the form of policies, digital training, the provision of technology facilities, and business mentoring programs that can help MSMEs understand the benefits of digital technology and reduce barriers to adoption. This finding aligns with Nguyen et al.'s (2021) research, which shows that effective public policies can reduce perceived risk in technology adoption and increase business actors' trust in digital innovation.

The results of this study indicate that technological capability is the most dominant factor influencing MSME motivation, followed by strategic capability and government support. This finding confirms that factors related to individual readiness and business strategy have a greater influence than formal organizational factors in motivating adoption of digital technology. This provides empirical evidence that digital transformation in MSMEs depends not only on the availability of organizational resources but also on individual business actor readiness and adequate external support. These findings also have important implications for understanding the dynamics of MSME digitalization in the informal economy. Many MSMEs in developing countries operate under resource constraints, making individual motivation a key factor in determining successful technology adoption. Therefore, strategies to increase MSME

digital capacity should focus on enhancing technological skills, strengthening strategic orientation, and providing sustainable policy support. This approach is expected to accelerate MSME digital transformation and increase business competitiveness in the digital economy era.

6. CONCLUSION

This study aims to analyze the influence of technological, organizational, and strategic capabilities, as well as government support, on MSMEs' motivation to adopt digital marketing in the culinary, food, and beverage sector in West Java. Based on the analysis using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, this study provides empirical evidence that not all dimensions of the organizational capability framework have the same influence on MSMEs' digital motivation. The results show that technological capabilities are the most dominant factor in increasing MSMEs' motivation to adopt digital marketing. This finding confirms that digital skills, access to technology, and understanding the use of digital devices are important factors in shaping entrepreneurs' psychological readiness to use digital marketing. Furthermore, strategic capabilities are also proven to have a positive and significant influence on motivation, indicating that MSMEs with a clear business strategy are better prepared to integrate digital technology into their marketing activities. Furthermore, government support has also been shown to play a significant role in increasing MSME motivation. Government training programs, digitalization policies, and technological facilitation have been shown to increase business actors' readiness to face digital change. However, organizational capabilities did not significantly influence motivation in this study. These findings indicate that, in the context of MSMEs with simple, informal organizational structures, formal organizational factors are not yet a primary driver of digital readiness. This research model explains 47.4% of the variance in MSME motivation to adopt digital marketing, indicating a moderate level of explanatory power. These findings confirm that MSMEs' motivation to adopt digital marketing is more influenced by technological factors, strategic orientation, and external support than by internal organizational factors. Therefore, this research makes an important contribution by broadening the understanding of the factors influencing MSME digital readiness, particularly in the context of the informal economy and digital transformation in areas with high MSME density, such as West Java.

7. IMPLICATIONS

7.1. Theoretical Implications

This study provides a theoretical contribution by broadening our understanding of the factors influencing MSMEs' motivation to adopt digital marketing. The findings indicate that technological capability is the dominant factor in increasing motivation, reinforcing technology adoption theory's emphasis on digital skills in shaping technology adoption intentions. Furthermore, the significant influence of strategic capability indicates that strategic orientation plays a crucial role in fostering business actors' digital readiness. The results also emphasize the importance of government support as an external environmental factor that can increase MSMEs' motivation to adopt digital technology. Conversely, the insignificant influence of organizational capability indicates that, in the context of MSMEs with simple structures, individual factors are more influential than formal organizational structure. Thus, this study enriches the literature on technology adoption by emphasizing the role of technological, strategic, and environmental factors in shaping MSMEs' digital motivation.

7.2. Practical Implications

In practice, this research demonstrates that improving MSMEs' technological capabilities should be a top priority in business development programs, particularly through digital literacy training and the use of online marketing platforms. Furthermore, strengthening strategic capabilities is also crucial for MSMEs to effectively plan and implement digital

marketing strategies. The findings regarding the importance of government support indicate that public policies, digital training, and business mentoring programs need to be further expanded to encourage technology adoption among MSMEs. Furthermore, because organizational capabilities did not have a significant impact, MSME development approaches should focus more on improving individual business owners' capacity rather than strengthening formal organizational structures.

8. RESEARCH LIMITATIONS

This study has several limitations that should be considered when interpreting the results. First, the study focused solely on MSMEs in the culinary, food, and beverage sector in West Java, so the results may not be widely generalizable to other business sectors or regions with different economic and social characteristics. Second, the study used a questionnaire-based survey approach that relies on respondents' perceptions, potentially introducing subjective bias in responses. Furthermore, the use of a cross-sectional research design limits the study's ability to capture changes in MSME motivation over a longer period. Third, the research model explained only 47.4% of the variance in motivation, indicating that other factors beyond the model, such as digital literacy, technology experience, or organizational culture, may influence MSME motivation to adopt digital marketing. Therefore, future research is recommended to expand the model by incorporating additional variables and using a longitudinal approach to gain a more comprehensive understanding.

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APPENDIX

Justification of Research Variables

Construct	Code	Measurement Items
Technology Capability	TC1	The technology currently available is very useful for my work
	TC2	With the use of technology, my work can be completed more quickly
	TC3	Technology increases my productivity and business performance
	TC4	Technology increases my income and business revenue
Organizational Capability	OC1	My organization has strong financial resources to adopt digital marketing
	OC2	My organization has strong technological infrastructure to adopt digital marketing
	OC3	My organization has a reliable internet connection
	OC4	The employees and I in the organization are able to use computers
	OC5	My organization has extensive knowledge of computer usage
Strategic Capability	SC1	I have a method to analyze general consumer developments and behavior
	SC2	I have a strategy to develop digital initiatives within a specific time frame (3–5 years)
	SC3	I am able to respond to various digital developments
	SC4	I am able to establish a digital business plan as the main strategy of my business
Government Support	GS1	The government provides digital marketing seminars in my area
	GS2	The government offers digital marketing training programs in my area
	GS3	The government provides business consultation services in my area
	GS4	Government agencies in my area assist in marketing my products
Motivation	M1	I am willing to invest my time to understand digital marketing
	M2	I am willing to invest my effort to understand digital marketing
	M3	I am willing to invest my money to understand digital marketing
	M4	I am personally motivated to overcome digital marketing challenges
	M5	I want to gain outcomes (skills, profit, knowledge) from digital marketing