

THE EFFECT OF DIGITAL MARKETING AND HUMAN RESOURCE COMPETENCY ON THE PERFORMANCE OF FASHION SMES IN BANDUNG CITY WITH SME EMPOWERMENT THROUGH SME DIGITALIZATION TRAINING AS A MODERATING VARIABLE

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Abstract

This study aims to analyze the effect of digital marketing and human resource competencies on the performance of fashion MSMEs in Bandung City with MSME empowerment through MSME digitalization training as a moderating variable. A quantitative approach was used involving 160 respondents who are MSME players in the creative industry sector in the fashion sector registered at the West Java Province Cooperative and SME Office. The variables studied include digital marketing and human resource competencies as independent variables, MSME empowerment through MSME digitalization training as moderation, and MSME performance as the dependent variable. Data were collected through questionnaires and analyzed using the SEM-PLS (Structural Equation Modeling - Partial Least Squares) method. This study found that digital marketing can help improve the performance of MSMEs in the fashion sector in Bandung City, human resource competency variable as measured by skills, knowledge, abilities and education level can affect the performance of MSMEs in the fashion sector in Bandung City, MSME digitization training organized by the West Java Province Cooperative and SME Office can help fashion MSME entrepreneurs in Bandung City, and the effect of Human Resource Competencies on MSME Performance, the MSME Digitalization Training variable is not needed.

Keywords: Digital Marketing, Human Resource Competency, MSME Performance, MSME Empowerment, MSME Digitization Training

Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh pemasaran digital dan kompetensi sumber daya manusia terhadap kinerja UMKM fashion di Kota Bandung dengan pemberdayaan UMKM melalui pelatihan digitalisasi UMKM sebagai variabel moderasi. Pendekatan kuantitatif digunakan dengan melibatkan 160 responden yang merupakan pelaku UMKM di sektor industri kreatif di sektor fashion yang terdaftar di Kantor Koperasi dan UKM Provinsi Jawa Barat. Variabel yang diteliti meliputi pemasaran digital dan kompetensi sumber daya manusia sebagai variabel independen, pemberdayaan UMKM melalui pelatihan digitalisasi UMKM sebagai moderasi, dan kinerja UMKM sebagai variabel dependen. Data dikumpulkan melalui kuesioner dan dianalisis menggunakan metode SEM-PLS (Structural Equation Modeling - Partial Least Squares). Penelitian ini menemukan bahwa pemasaran digital dapat membantu meningkatkan kinerja UMKM di sektor fesyen di Kota Bandung, variabel kompetensi sumber daya manusia yang diukur dengan keterampilan, pengetahuan, kemampuan, dan tingkat pendidikan dapat mempengaruhi kinerja UMKM di sektor fesyen di Kota Bandung, pelatihan digitalisasi UMKM yang diselenggarakan oleh Dinas Koperasi dan UKM Provinsi Jawa Barat dapat membantu pengusaha UMKM fesyen di Kota Bandung, dan pengaruh

Yohana Hutajulu, Sulaeman Rahman Nidar, Elnovani Lusiana: The Effect of Digital Marketing and Human Resource Competency on the Performance of Fashion SMEs in Bandung City with SME Empowerment Through SME Digitalization Training as a Moderating Variable

Kompetensi Sumber Daya Manusia terhadap Kinerja UMKM, variabel Pelatihan Digitalisasi UMKM tidak diperlukan.

Kata kunci: Pemasaran Digital, Kompetensi Sumber Daya Manusia, Kinerja UMKM, Pemberdayaan UMKM, Pelatihan Digitalisasi UMKM



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INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) has important aspect of the Indonesian economy in terms of business quantity, job creation, and national economic growth. In practice, MSMEs are often the driving force for national economic development, especially in developing countries such as Indonesia. The position of MSMEs in the national economy has an important and strategic role. This condition is very possible because the existence of MSMEs is quite dominant in the Indonesian economy. One measure of national economic development can be seen through Gross Domestic Product (GDP). The contribution of Micro, Small and Medium Enterprises (MSMEs) to Indonesia's GDP experienced a significant upward trend in the 2020-2024 period, contributing 61.7%-61.97% to GDP.

One of the provinces in Indonesia that has a potential market in the MSME sector is West Java Province. West Java is a province that has a number of advantages that make it one of the strategic economic sectors in Indonesia, especially in Bandung City.^{1,2} Based on data from the Office of Cooperatives and SMEs of West Java Province, Bandung City is one of the cities in West Java Province that has experienced significant growth based on the number of MSMEs which reached 38,058 MSMEs with 22,230 MSMEs registered at the Office of Cooperatives and SMEs of West Java Province.

The creative industry in fashion is one of the MSME sectors in Bandung City that shows a positive trend with the number of MSMEs recorded at 1,626 in 2025. This growth trend shows that MSMEs in the fashion sector in Bandung City have succeeded in contributing to GDP. However, the growth in the number of MSMEs in the fashion creative industry sector in Bandung City was not followed by an increase in the performance of MSMEs in Bandung City. Based on data from

¹ N. Abu et al., "Government Support for SMEs in the Fintech Era: Enhancing Access to Finance, Survival, and Performance," *Digital Business* 5, no. 1 (2025), <https://doi.org/10.1016/j.digbus.2024.100099>.

² R. Alatas and I. A. Kurnia, "The Role of SME Human Capital Resource Competence in Improving SME Performance," *Journal of Business and Behavioural Entrepreneurship* 8, no. 1 (2024): 37–45, <https://doi.org/10.21009/JOBBE.008.1.05>.

the Office of Cooperatives and SMEs of West Java Province, the performance of MSMEs in the fashion creative industry sector in Bandung City experienced fluctuations from 2020-2024. This phenomenon is also not in line with research conducted by Aladin et al.,³ entitled “Small and Medium Enterprises (SMEs) and National Economic Development” which states that even though the number of MSMEs continues to grow without a significant increase in performance, this does not fully support national economic growth.

According to data from the Office of Cooperatives and SMEs of West Java Province, there are several main problems faced by MSMEs in West Java Province, including MSMEs in the Fashion Sector.^{4,5,6} One of the main problems is the lack of digital literacy, especially and this is a significant challenge for improving the performance of MSMEs. This is also in line with research conducted by Elsharnouby et al., with the research title “Exploring critical internal enablers to SMEs performance: evidence from Qatar” stating that digitalization has a significant effect on the performance of Small and Medium Enterprises (SMEs).

Another factor that impacts the performance of MSMEs is Human Resource Competencies.^{7,8} according to the West Java Province Cooperative and SME Office, limited capabilities and in-depth understanding of financial management, marketing, the use of digital technology and effective business strategies can result in limitations in optimizing business operations and the long-term viability of their businesses.⁹ This is in line with research conducted by Helmita & Naim, on the performance of MSMEs, this study also explains that the factor of low development of Human Resource Competencies can also be a factor inhibiting the growth of MSMEs.

Considering how the variables of Digital Marketing and Human Resource Competencies can affect MSME Performance, so that Local Governments have a very important role in supporting Digital Marketing and Human Resource Competencies through MSME Training. This study sees

³ Aladin Aladin et al., “The Role of Small and Medium Enterprises (SMES) and Economic Growth in Indonesia: The VECM Analysis,” January 25, 2021, 95–99, <https://doi.org/10.2991/ahsseh.k.210122.017>.

⁴ L. Marlina et al., “Enhancing Competitiveness Through Digital Marketing in Craft MSMEs in West Java,” *Jurnal Ilmiah Magister Ilmu Administrasi (JIMIA)* 18, no. 1 (2024).

⁵ A. Riswanto and D. Kurniawan, “Digital Marketing and Competitive Advantage: Moderated by Digital Transformation,” *Journal of Social Work and Science Education* 5, no. 3 (2024): 836–44.

⁶ T. Tatik and D. Setiawan, “Does Social Media Marketing Important for MSMEs Performance in Indonesia?,” *Asia Pacific Journal of Marketing and Logistics*, ahead of print, 2024, <https://doi.org/10.1108/APJML-01-2024-0090>.

⁷ S. Widodo and A. D. Puspitasari, “Peran Kompetensi Sumber Daya Manusia Untuk Mendorong Inovasi Produk Dan Kinerja UMKM,” *Jurnal Ekonomi Dan Bisnis* 13, no. 2 (2024).

⁸ Y. Xu et al., “Research on the Identification of Key Factors for the Development of Digital Empowerment Platform Enterprises,” *Sustainability* 16, no. 22 (2024), <https://doi.org/10.3390/su16229968>.

⁹ S. Yufra et al., “The Moderating Influence of Government Policy on the Innovation Capability-Competitiveness Relationship in Food SMEs,” *Journal of Technology Management and Innovation* 18, no. 2 (2023).

that the phenomenon of advances in MSME digitalization can help the performance of MSMEs, so the research variables used discuss Digital Marketing and Human Resource Competencies which are still limited. This study fills the gap by adding the perspective of MSME Empowerment through MSME training in improving MSME Performance.

The purpose of this study was to determine and analyze the variables of Digital Marketing and Human Resource Competencies on Performance with MSME Empowerment as a Moderating Variable. Thus, the authors want to conduct a study entitled “The Effect of Digital Marketing and Human Resource Competencies on the Performance of Fashion SMEs in Bandung City with MSME Empowerment Through Information Technology Utilization Training as a Moderating Variable”.

Literature Review and Hypotheses Development

Digital Marketing

Digital marketing variables will be measured through several indicators, consisting of: online advertising, search advertising, digital marketing and content marketing. There are several previous studies that have evaluated the relationship between digital marketing and MSME performance. Research Bargoni et al., shows that digital marketing as measured by online advertising and content marketing is very important for the growth of MSMEs. This study also explains that digital marketing is the process of applying digital technology to increase productivity and innovation in various aspects. In its implementation, digital marketing involves the use of digital platforms, electronic payment systems, and the use of e-commerce to expand business reach.

Previous research conducted by Jayanti & Karnowati, also said that digital marketing has a significant impact on the performance of MSMEs with the indicators used in the research SEO, SEM and SMM have a positive and significant effect on the performance of MSMEs, this study also explains that SEO, SEM and SMM are one of the efforts so that MSMEs can further develop and compete in the industrial revolution era so that the digital marketing ecosystem will increase the productivity of MSMEs. According to the explanation above, the hypothesis proposed empirically is as follows:

H1: Digital Marketing Significant Effects on MSME Performance

Human Resource Competency

Human resource competencies are the values possessed by individuals to carry out their duties and roles. Various relevant previous studies have examined the relationship between human resource competencies and MSME performance, thus providing an empirical basis for further understanding of the influence of human resource competency variables on MSME performance. The competence of Human Resources with indicators of knowledge, skills, abilities and education

levels is a very important indicator that must be possessed by MSME actors to strengthen the role of MSMEs as drivers of the national economy.

The research that examines the competence of human resources on the performance of MSMEs conducted by Arini et al.,¹⁰ with the research title “Human Resource Competencies to Improve the Performance of Micro, Small and Medium Enterprises” also proves that human resource competencies have a significant effect on MSME performance. Human Resource Competencies as measured by indicators of knowledge, skills, abilities and education levels provide a foundation for MSME actors to understand various aspects of business, realizing the ability of business actors and MSMEs to make decisions for business continuity. According to the explanation above, the hypothesis proposed empirically is as follows:

H2: Human Resource Competency significant effects on MSME Performance

MSME Digitalization Training

Empowerment of MSMEs through training and coaching/mentoring on the use of information technology is an important part of the success and sustainability of MSMEs. The relationship between empowerment and improving MSME performance is very close where empowerment directly affects the ability of MSMEs to achieve better performance.

Digital Marketing as measured by Online Advertising, Search Advertising, Social Media Marketing, and Content Marketing is an important part of MSME training. It is because Digital Marketing provides MSMEs with tools to improve their competitiveness, operational efficiency, as well as their ability to access markets and financing.

Based on previous research conducted by Indriastuti & Kartika¹¹, entitled "The Impact of Digitalization on MSMEs' Financial Performance: The Mediating Role of Dynamic Capability" concluded that digital marketing conducted with financial literacy training, promotion and branding has a positive influence on MSME empowerment. According to the explanation above, the hypothesis proposed empirically is as follows:

Empowering MSMEs through training and education allows businesses to acquire new skills needed to manage their business more efficiently. This increased capacity enables MSMEs to improve productivity and product quality, which in turn improves business performance. As a

¹⁰ E. Arini et al., “Kompetensi Sumber Daya Manusia Untuk Meningkatkan Kinerja Usaha Mikro Kecil Menengah,” *Journal of Management and Business (JOMB)* 5, no. 1 (2023): 20–35, <https://doi.org/10.31539/jomb.v5i1.4833>.

¹¹ Maya Indriastuti and Indri Kartika, “The Impact of Digitalization on MSMEs' Financial Performance: The Mediating Role of Dynamic Capability,” *Jurnal Economia* 18, no. 2 (2022): 240–55, <https://doi.org/10.21831/economia.v18i2.42790>.

result, empowerment strengthens the foundations of MSMEs by providing access to skills, capital and markets, leading to improved financial performance and sustainable growth.

Human Resource competencies as measured by knowledge, skills, abilities and education levels are also an important part of MSME Empowerment. These capabilities can support the sustainability and growth of MSMEs in a competitive market. The empowerment of MSMEs itself includes various efforts to increase the capacity and ability of MSMEs to survive, develop, and contribute more to the national economy.¹²

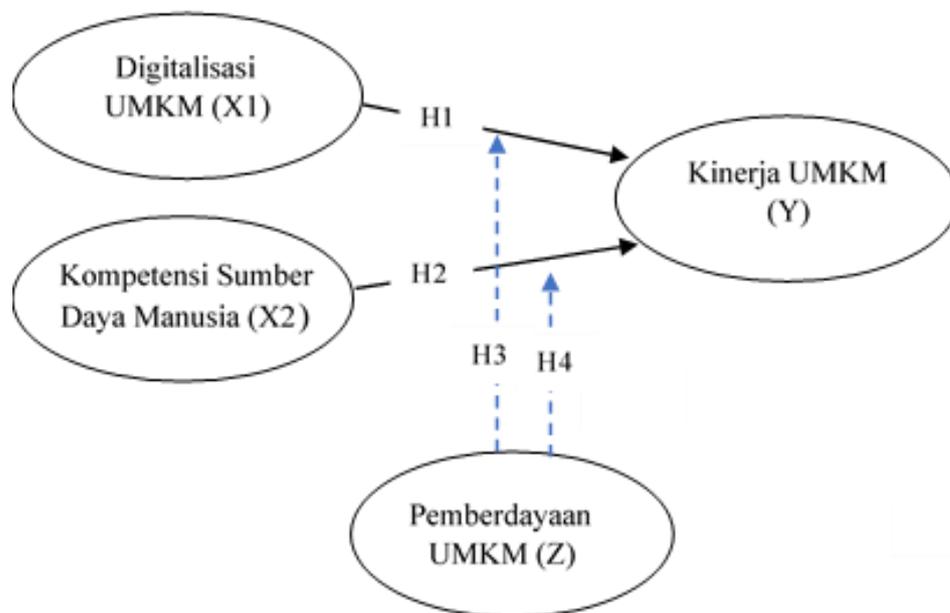
Based on research conducted by Bambang et al., with the research title “The Effect of Human Resource Competence and Product Innovation on MSME Empowerment” proves that Human Resource Competence has a positive and significant effect on MSME Empowerment, this study also explains that Human Resource Competence as measured by knowledge and skills is the main value that will help MSMEs to operate successfully and get good performance. According to the explanation above, the hypothesis proposed empirically is as follows:

H3: The significant effects on MSME Performance the relationship between Digital Marketing and MSME Performance will be moderated by MSME Digitalization Training.

H4: The significant effects on MSME Performance the relationship between Human Resource Competency and MSME Performance will be moderated by MSME Digitalization Training.

Based on our review of the literature, the following conceptual frame work was developed:

Figure 1. Conceptual Model



¹² Egi Ispreidi Maha and Dicky Perwira Ompusunggu, “Analisis Pengaruh Pemberdayaan Dan Kinerja UMKM Terhadap Kesejahteraan Pelaku UMKM Kota Palangka Raya,” *JUEB : Jurnal Ekonomi Dan Bisnis* 2, no. 2 (2023): 16–23, <https://doi.org/10.57218/jueb.v2i2.601>.

RESEARCH METHODS

Measures

In this study entitled “The Effect of Digital Marketing and Human Resource Competencies on the Performance of MSMEs in the Fashion Sector in Bandung City with MSME Empowerment Through MSME Digitalization Training as a Moderating Variable” to analyze the role of Digital Marketing and Human Resource Competencies on MSME Performance in Bandung City, the method used in this research is a quantitative approach with descriptive or analytical methods.

The descriptive method is used to describe or explain the characteristics of a phenomenon or population under study Hair et al., and in the context of this study, descriptive data were obtained from BPS West Java Province and the Office of Cooperatives and SMEs of West Java Province. While the analytical method which aims to identify the relationship or influence between the variables studied Hair et al., and in the context of this study is used to test “The Effect of Digital Marketing and Human Resource Competencies on the Performance of MSMEs in the Fashion Sector in Bandung City with MSME Empowerment Through MSME Digitalization Training as a Moderating Variable”

Data Collection and Sample

This research with the research title “The Effect of Digital Marketing and Human Resource Competencies on the Performance of MSMEs in the Fashion Sector in Bandung City with MSME Empowerment Through MSME Digitalization Training as a Moderating Variable” the research population is 160 MSME players in the Creative Industry Sector in the Fashion Sector registered at the West Java Province Cooperative and SME Office.

The researcher has a purposive sampling technique because he wants to ensure that the selected sample has characteristics that are in accordance with the predetermined research focus so that the data obtained is more relevant and in-depth. The criteria for respondents used by researchers include: MSMEs that are still active, MSMEs that have been established for 3 years, MSMEs in the fashion sector that already have an income of 300,000,000 / year, MSMEs that are registered with the West Java Province Cooperative and SME Office, MSMEs that participated in training at the Office of Cooperatives and SMEs of West Java Province.

Respondents' Profile

The final dataset included responses from 160 MSME players in the Fashion Creative Industry Sector registered at the West Java Province Cooperative and SME Office. These characteristics provide an overview based on the age of the respondent, the gender of the

respondent, the last education of the respondent, the length of business, the number of employees of the respondent, and the turnover generated by the respondent in one year.

The age characteristics of the respondents were dominated by age 31-40 (43%), age 20-30 (28%), age 41-50 (25%), and age 51-60 (4%). The gender characteristics of respondents are dominated by men (50.6%) and women (49.4%). Respondents' education characteristics are dominated by undergraduate (49.4%), high school (41.3%), postgraduate (6.3%), and junior high school (3%). The characteristics of working with a long duration, for at least three years (38.1%), for at least four-six years (31.9%), and for at least more than six years (30%). Regarding the characteristics of the number of respondents' employees, for those who have no employees (6.3%), 1-3 employees (53.8%), 4-8 employees (26.3%), more than 8 employees (13.7%). While for the characteristics of respondents' income, it is dominated by respondents who have an income of Rp 300,000,000 / year (40%), Rp 400,000,000 - Rp 500,000,000 / year (30%), Rp 600,000,000 - Rp 700,000,000 / year (21%), more than Rp 800,000,000 / year (9%).

Data Analysis Technique

This study uses Partial Least Square-SEM (PLS-SEM) to test the proposed hypotheses. This technique is very suitable for this model, because it allows to estimate many complex structural relationships between variables, and analyze the effect of mediation. In addition, PLS-SEM does not require a large number of samples to produce more accurate results. We believe that PLS-SEM is more suitable for our study than CB-SEM, as the causal prediction technique of SEM emphasizes prediction in evaluating statistical models, and whose structure is intended to provide causal explanations.

Smart-PLS versi 4 software was used to conduct the PLS-SEM analysis: this includes one of the statistical techniques to understand the complex interactions between one predictor variable and one independent variable. The measurement model establishes relationships between measured variables and latent variables, while the structural model investigates relationships between latent variables. When random errors are calculated and removed, only common variables remain. Different convergent and divergent validity criteria were used to assess the validity of the structural model specification. The findings of the study are reported below.

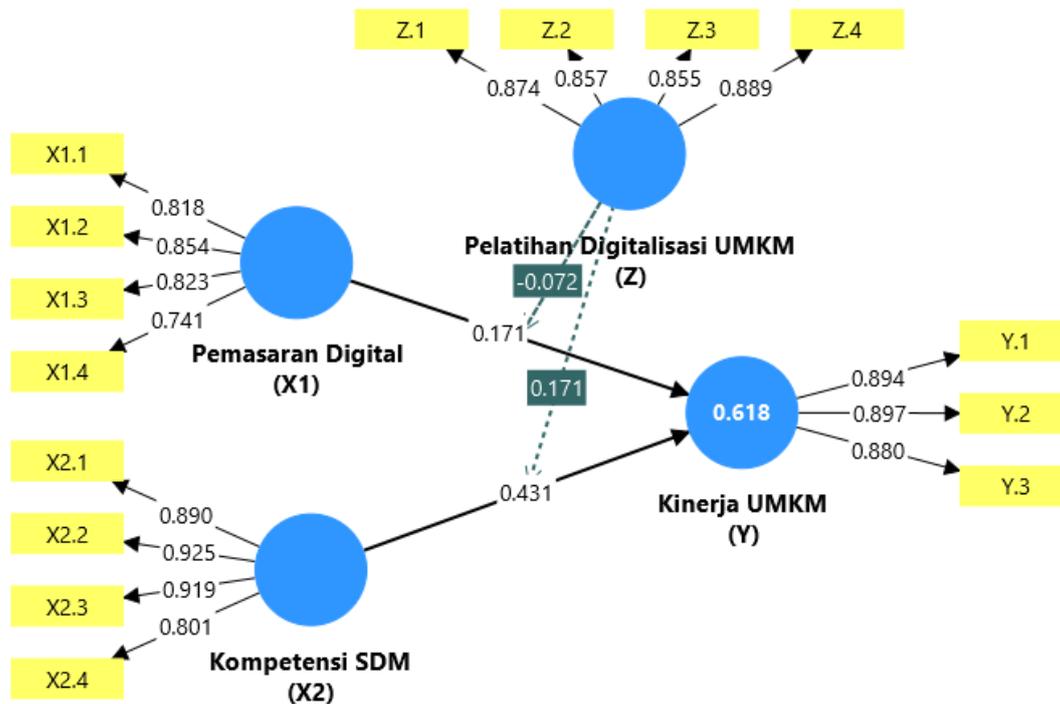
RESULTS AND DISCUSSION

Measurement Model

To test the measurement model, reliability and construct validity were verified (Figure 2). Table 2 summarizes all findings. Standardized factor loadings were used to determine item reliability: a popular general rule states that factor loadings should be more than 0.6 except for one

indicator, this rule was followed. The excluded indicator was retained because its value was 0.59, which is higher than the recommended value. In addition, construct reliability was determined using Cronbach's alpha, construct reliability, and average variance extracted (AVE). The findings show that all constructs have acceptable levels of reliability, as indicated by values greater than 0.7. When convergent validity was considered, the same conclusion was reached.

Figure 2. Measurement Model



Tabel 1. Reliability and Validity

Constructs	Items	Factor Loadings	Cronbach's Alpha	CR	AVE
Digital Marketing	X1.1 X1.2 X1.3 X1.4	0.818 0.854 0.823 0.741	0.825	0.836	0.793
Human Resource Competency	X2.1 X2.2 X2.3 X2.4	0.890 0.925 0.919 0.801	0.906	0.907	0.783

Constructs	Items	Factor Loadings	Cronbach's Alpha	CR	AVE
MSME Performance	Y.1	0.894	0.870	0.872	0.755
	Y.2	0.897			
	Y.3	0.880			
MSME Digitalization Training	Z.1	0.874	0.892	0.897	0.656
	Z.2	0.857			
	Z.3	0.855			
	Z.4	0.889			

The Fornell-Larcker criterion were used to determine discriminant validity. As can be observed, the correlation between each set of constructs is not greater that the square of their AVE. According to Roldán and Sánchez-Franco, to achieve sufficient discriminant validity, the diagonal elements between the corresponding rows and columns should be much larger than the off-diagonal elements. As illustrated in Table 2, this requirement applies to all measurement constructs. As a result, the Fornell-Larcker criterion is met.

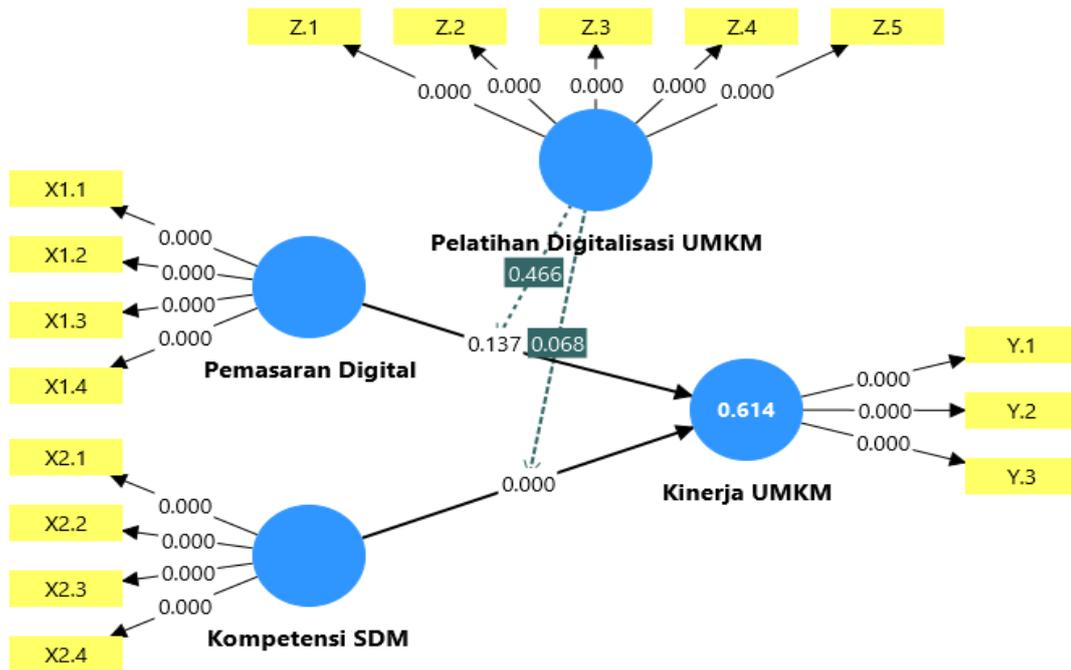
Tabel 2. Fornell–Larcker Criterion

Constructs	MSME Performance	Human Resource Competency	MSME Digitalization Training	Digital Marketing
MSME Performance	0.771			
Human Resource Competency	0.729	0.791		
Digital Marketing	0.87	0.697	0.600	
MSME Digitalization Training	0.839	0.773	0.756	0.723

Results of Hypotheses Testing

The next stage of Inner Model evaluation is testing the research hypothesis, hypothesis testing is carried out using bootstrapping techniques where the data used for bootstrapping is data that has been carried out at the measurement stage. The bootstrapping test also aims to determine the direction of the relationship and the significance of the relationship between each latent variable by comparing the t-tatistic or t-count that has been determined.

Figure 3. Bootstrapping Process Result



Tabel 3. Results of Hypotheses Testing

Hypotheses	T statistics	P values	Remarks
H1: Digital Marketing > MSME Performance	4.063	0.000	Supported
H2: Human Resource Competency > MSME Performance	2.834	0.005	Supported
H3: MSME Digitalization Training x Digital Marketing > MSME Performance	3,955	0,000	Supported
H4: MSME Digitalization Training x Human Resource Competency > MSME Performance	1.826	0.068	Not supported

According to the recapitulation of the hypothesis test results in table 4.14 above, it can be seen that each variable has a different correlation with the dependent variable. The table above shows that the Human Resources Competency variable on MSME Performance has a t-statistic value of 4.063 which is greater than the t-table of 1.981, while the p-value is 0.000 < from the α value of 0.05, which means that the Human Resources Competency variable has a significant effect on MSME Performance. It can be concluded that hypothesis H01 is rejected.

Then, in the Digital Marketing variable on MSME Performance, the t-statistic value of 2.834 is greater than the t-table of 1.981, and for the p-values of $0.005 <$ from the α value of 0.05, which means that the Digital Marketing variable has a significant effect on MSME Performance. So, it can be concluded that hypothesis H02 is rejected.

Then the correlation between the moderation variables of MSME Digitalization Training on the relationship between Digital Marketing and MSME Performance has a t-statistic value of 3.955 greater than the t-table of 1.981, and for the p-values of $0.000 <$ from the α value of 0.05, which means that the MSME Digitalization Training variable can moderate the relationship between Digital Marketing and MSME Performance. It can be concluded that hypothesis H03 is rejected.

Meanwhile, the correlation between the moderation variable of MSME Digitalization Training on the relationship between Human Resource Competencies and MSME Performance has a t-statistic value of 1.826 which is smaller than the t-table of 1.981, and for the p-value of $0.068 >$ from the α value of 0.05, which means that the MSME Digitalization Training variable cannot moderate the relationship between the Human Resource Competency variable and MSME Performance. It can be concluded that the hypothesis H04 is accepted

CONCLUSIONS

Based on data processing using SmartPLS 4 above, the results of hypothesis testing for each of the variables used in the study have 3 (three) of the 4 (four) hypotheses proposed to have a significant effect. The three variables are the effect of digital marketing on MSME performance, the effect of human resource competence on MSME performance and MSME digitalization training can moderate the relationship between digital marketing and MSME performance. Meanwhile, the MSME digitalization training variable can moderate the relationship between human resource competencies and MSME performance and has no significant effect. The following is a further analysis of the relationship between variables found in this study using SmartPLS 4

Digital Marketing on MSME Performance

Based on the results of hypothesis testing in this study, it was found that the Digital Marketing variable has a significant influence on MSME Performance. This finding shows that the more optimal the use of digital marketing strategies carried out by MSME actors, the better the resulting business performance. Marketing digitalization allows MSMEs to take advantage of various online platforms such as social media, marketplaces, and websites to promote products and reach consumers more efficiently and effectively. Digital marketing strategy is one of the keys to improving the performance of MSMEs.

Theory of Chaffey and Ellis-Chadwick (2019), which emphasizes the importance of utilizing digital technology in supporting MSME activities, especially in the fashion sector. As a tool capable of expanding market reach, increasing interaction with consumers, and strengthening the position of MSMEs in increasingly competitive business competition, digital marketing is believed to help improve MSME performance. In the context of this research, fashion MSMEs in Bandung City also utilize advances in digital technology in marketing their products. This can be seen from the ability of MSME players to reach consumers more broadly, build brand image, and create a more personalized shopping experience through digital platforms.

This is also in line with research conducted by Sundari et al.,¹³ with the research title “The Impact of Digital Marketing on Marketing Outcomes of Smes the Mediating Role of Innovative Product Development” which states that digital marketing has a significant effect on improving MSME marketing performance as measured by sales. This study also emphasizes that digital marketing is not only a tool for promotion, but also a source of strategic information that encourages businesses to continue to innovate through indicators used in this study such as digital advertising and content marketing. In this case, digital marketing is proven to be able to support the achievement of these performance indicators. Not only that, digital marketing also provides opportunities for MSMEs to measure campaign effectiveness in real-time and make quick strategy adjustments based on data and market response.

According the concluded that digital marketing can help improve MSME performance, through the indicators used in this study such as online advertising, search advertising, social media marketing and content marketing. MSME performance, which includes aspects such as increased sales, sales profitability and quality of human resources, is greatly influenced by how effectively marketing strategies are executed.

Human Resource Competency on MSME Performance

Based on the results of hypothesis testing in this study, it was found that the Human Resource Competency variable has a significant influence on improving MSME Performance. This finding proves that the higher the level of competence possessed by human resources, both in terms of knowledge, skills, and work attitudes, the greater the contribution to achieving business goals. Human resource competencies allow MSME actors to run business operations more efficiently, make more informed decisions, and be able to adapt to market and technological changes, so that the development of human resource competencies is one of the key factors in encouraging MSME productivity in a sustainable manner.

¹³ E. Sundari et al., “The Impact of Digital Marketing on Marketing Outcomes of SMEs: The Mediating Role of Innovative Product Development,” *Jurnal Riset Bisnis Dan Manajemen*, 2025.

According to Mitchell and Colin (2001), which suggests that MSMEs that have high competence tend to be more adaptive to market challenges, able to manage businesses more efficiently, and more innovative in developing products or services. This ultimately has an impact on improving business performance, both in the form of sales growth, productivity, and customer satisfaction. In the context of this research, fashion MSMEs in Bandung City also show similar characteristics, where with a relatively good level of competence, fashion MSME players in Bandung City have been able to take advantage of digital opportunities, understand consumer trends, and make sustainable product innovations.

The research conducted by La Nafie et al.,¹⁴ with a study entitled “The Impact of Human Resource Capacity on the Performance of MSMEs in the Culinary Sector in Makassar” suggests that human resource competencies have a significant effect on the performance of MSMEs. This study also states that indicators related to Human Resource Competencies, such as knowledge, skills and abilities at work are the main things in helping to increase productivity, operational efficiency, and adaptability to changes in the business environment.

The research concludes that the development of Human Resource Competencies can play a very important role in improving the performance of MSMEs, through the indicators used in this study such as skills, knowledge, and abilities. This study also adds the level of education as a measure to see how the response of MSME players in the fashion sector in Bandung City manages and resolves systematic and structured problem solving. We found that MSME players with secondary and higher education backgrounds tend to understand administrative procedures, regulations, and effective business strategies more quickly. They are also more open to innovation and more confident in establishing cooperation or partnerships with external parties. Based on this, it can be concluded that the human resource competency variable as measured by skills, knowledge, abilities and education level can affect the performance of MSMEs in the fashion sector in Bandung City.

MSME Digitalization Training the Relationship Between Digital Marketing and MSME Performance

The results of hypothesis indicate that MSME Digitalization Training acts as a significant moderating variable in strengthening the relationship between Digital Marketing and MSME Performance. This finding indicates that the effectiveness of digital marketing on improving MSME performance will be more optimal if MSME players have attended adequate digitalization training. The training provides the understanding and practical skills needed to effectively manage various

¹⁴ N. A. La Nafie et al., “The Impact of Human Resource Capacity on the Performance of MSMEs in the Culinary Sector in Makassar,” 2023, 681–91, https://doi.org/10.2991/978-2-38476-202-6_95.

digital platforms, from the use of social media, content strategy, to digital marketing performance analysis.

In terms of theory, MSME digitization training plays a role in increasing the digital literacy of MSME actors, not only in terms of theoretical understanding, but also practical skills in managing various digital platforms. This is in line with the Resource-Based View (RBV) theory, which states that an organization's competitive advantage is highly dependent on its internal capabilities, including the competence of its human resources. Digitalization training serves as a means to improve the internal capabilities of MSME players, especially in understanding and implementing digital marketing strategies effectively.

In the context of this research, the Cooperatives and SMEs Office of West Java Province assists fashion MSMEs in Bandung City through organized training. The training covers various important aspects, ranging from increasing digital literacy, utilizing social media as a marketing tool, content marketing strategies, to branding techniques and visual storytelling relevant to the fashion industry. Training programs such as MSME Digitalization, business incubation bootcamp, and MSME upscaling assistance facilitate MSME players to understand how to manage their businesses more professionally, creatively, and responsively to market trends. This program not only focuses on theory, but also provides practical assistance that can be directly applied, such as creating digital promotional content, using e-commerce platforms, and reading analytical data from digital marketing performance. Therefore, MSME digitalization training as measured by training materials, training methods, quality of facilitators, supporting facilities and evaluation can strengthen the influence of digital marketing on MSME performance.

The results of this study are also in line with research conducted by (Susanti et al. 2021) with a study entitled "The Role of Digital Marketing in Improving the Performance of Small and Medium Enterprises in the Creative Industry Sector" states that digitalization training is able to moderate the relationship between digital marketing and MSME performance. Based on this, it can be concluded that the MSME digitization training organized by the West Java Province Cooperative and SME Office can help MSME entrepreneurs in the fashion sector in Bandung City in managing their digital marketing activities so that this can help improve MSME performance. This study found that MSME digitization training acts as a significant moderating variable, strengthening the relationship between digital marketing and MSME performance.

MSME Digitalization Training the Relationship Between Human Resource Competency and MSME Performance

Then, the results of hypothesis testing on this variable show that MSME Digitalization Training is not able to significantly moderate the effect of Human Resource Competencies on

MSME Performance. This finding shows that human resource development efforts through MSME digitalization training facilitated by the West Java Province Cooperative and SME Office do not automatically contribute to improving MSME performance, meaning that the development of human resource competencies has a direct effect on MSME performance without depending on the strength and existence of MSME Digitalization Training.

There are several factors that cause the UMKM digitalization training variable to be unable to moderate the effect of the relationship between human resource competencies on MSME performance. One factor is that the MSME digitalization training conducted by the West Java Province Cooperative and SME Office is not accompanied by mentoring or continuous assistance, this is due to the limited training time, which is only about one week so that trainees have difficulty implementing the material they have learned into their business practices. Another factor is the gap between the training materials provided by the West Java Provincial Office of Cooperatives and SMEs and the level of HR competence, where the training materials are too basic or too complex, which makes it difficult for HR capacity to transfer knowledge or increase significant skills.

The statement is also in line with research conducted by Rustam et al.,¹⁵ said that MSME digitalization training does not moderate the relationship between human resource competencies and MSME performance. The MSME digitalization training variable in this study uses indicators of training materials, training methods and evaluation as a measure to determine the effect of human resource competencies on MSME performance. Other research conducted by (Mayasafitri., 2024.) also said that MSME training, including digitalization training, was automatically unable to strengthen the relationship between HR competencies and MSME performance. this study also emphasizes how the Office of Cooperatives and SMEs has a strategic role in encouraging capacity building of MSME actors through various training programs. In this study, the Office of Cooperatives and SMEs designed training programs that covered a variety of topics, such as improving product quality, financial management, developing marketing strategies, and utilizing digital technology, but the training has not been able to have a significant impact on MSME participants.

The hypothesis results also indicate that to optimize the influence of human resource competencies, the Cooperative and SME Office of West Java Province should consider conducting training for MSME entrepreneurs. but the results of hypothesis testing above also indicate that to optimize the effect of Human Resource Competencies on MSME Performance, the MSME Digitalization Training variable is not needed. This means that the effect of HR competence on

¹⁵ Andi Rustam et al., "Strategies for Improving Employee Competencies in the Digitalization Era through Training and Human Resource Development," *The Journal of Academic Science* 1, no. 7 (2024): 849–57, <https://doi.org/10.59613/bewkpf69>.

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MSME performance is independent and does not depend on the presence of digitalization training as a moderating variable.

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