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The Influence of Digital Loans, E-Commerce Marketing, and Business Location on MSME Performance in Malang City toward Indonesia Emas 2045

Gunawan [a*], Fransiska Suci Ramadhani [a], Mauzia Inggit Ningdiah [a], Kurniawati Meylianingrum [a] and Esy Nur Aisyah [a]

[a] *Maulana Malik Ibrahim State Islamic University, Malang, Indonesia.*

Authors' contributions

This work was carried out in collaboration among all authors. Author Gunawan designed the study, performed the statistical analysis, and wrote the first draft of the manuscript. Authors FSR and MIN assisted in managing the data collection and analyses of the study. Authors KM and ENA supervised the entire research process, provided guidance on methodology, and critically reviewed and revised the manuscript. All authors read and approved the final manuscript.

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ABSTRACT

Purpose: This study investigates the effect of digital financing, e-commerce marketing, and business location on the performance of micro, small, and medium enterprises (MSMEs) in Malang City. Indicators of MSME performance include sales growth, customer reach, and operational

**Corresponding author: Email: gunawan514d@gmail.com;*

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efficiency. Guided by the Resource-Based View (RBV) theory, the study also examines the combined influence of these factors on MSME performance.
Design/Methodology/Approach: The research employed a quantitative design with a descriptive approach. Data were collected from 200 MSME actors in Malang City through online (Google Forms) and offline surveys. The sample size was determined using the Malhotra formula. Responses were measured on a five-point Likert scale, and data were analyzed using SmartPLS to assess convergent validity, R^2, and hypothesis testing (t- and F-tests).
Findings: The results show that e-commerce marketing ($t = 2.770$, $p = 0.006$) and business location ($t = 5.582$, $p = 0.000$) significantly and positively affect MSME performance. However, digital financing access does not have a significant impact ($p = 0.282$). Together, these three variables explain 30% of the variance in MSME performance.
Theoretical Implications: By applying the RBV framework, this study contributes to the understanding of how intangible resources (digital tools and marketing) and tangible resources (location) shape MSME competitiveness and performance.
Practical implications: The findings highlight the importance for MSME actors to prioritize e-commerce marketing and strategic business locations to strengthen competitiveness. Policymakers and financial institutions should also improve financial literacy programs and facilitate technology adoption to enhance the effectiveness of digital financing.
Originality/Value: This study provides novel insights into MSMEs in Malang City by integrating RBV theory with digital financing, e-commerce, and location factors. Unlike prior research that treats these variables separately, this study tests their individual and combined effects on MSME performance.
Research limitations/Implications: The study is limited to MSMEs in Malang City, which may restrict generalizability. Future research could expand the scope to other regions, explore moderating variables such as digital literacy, and apply longitudinal designs to capture performance over time.

Keywords: Digital loans; E-commerce marketing; business location; MSME performance; Indonesia.

1. INTRODUCTION

Indonesia Emas 2045 aims to grow the nation into a developed nation with high global competitiveness by its centenary in 2045. MSMEs are important to this goal. According to the Indonesian Central Bureau of Statistics (BPS, 2024), MSMEs contribute over 60% to national GDP and employ almost 97% of the workforce, making them vital to productivity, employment, and poverty reduction. Their resilience during recessions emphasizes their role as inclusive growth generators. MSMEs have shown great promise in Malang City, a significant education, tourist, and industrial cluster. Rapid growth was shown by BPS Malang (2023), which added 21,138 MSMEs. Despite expansion, Malang MSMEs confront structural constraints such as inadequate funding, low marketing reach, and bad company sites. Empirical study on how financial access, marketing techniques, and firm location impact MSME success in this specific setting is needed to properly exploit possibilities in a quickly digital economy.

MSMEs have always faced hurdles in Indonesia's economy, but digital transformation is changing how they access resources and compete. Capital access remains a major issue. Collateral, credit history, and long approval procedures make traditional bank loans unattainable. Peer-to-peer lending and fintech-based microloans promise speedier, more flexible funding to fill these gaps. Digital finance supports working capital and corporate development, boosting competitiveness, according to Gainau and Kilay (2023). Finance is not always good; Utami (2023) notes that MSME players without financial awareness may struggle to repay loans and experience financial hardship. Marketing is another priority. E-commerce platforms help MSMEs access more customers, lower transaction costs, and maximize promotions. E-commerce marketing helps MSME performance by allowing enterprises to cross borders, according to Noviani Hanum and Sinarasri (2018). Sutanto et al. (2024) discovered that internet marketing boosts growth. However, Teruna and Ardiansyah (2021) warn that many MSMEs lack the expertise to exploit digital platforms successfully. Business location complicated matters. Marfuah and Hartiyah (2019) found that optimal locations increase visibility, consumer traffic, and income. In contrast, Aji and Listyaningrum (2021) observed that geography may lose importance when digital platforms dominate consumer access. These studies demonstrate the complicated and often conflicting influences of capital availability, marketing, and location on MSME success.

This research follows the Resource-Based View (RBV), which holds that organizational effectiveness relies on resource usage, both material and intangible. Digital finance is a financial resource, e-commerce marketing is a technology and information resource, and company location is a physical resource. RBV argues that enterprises that successfully deploy these resources earn important, unusual, and difficult-to-imitate competitive advantages, enhancing performance. Resource restrictions and the capacity to embrace new tools and tactics affect MSME survival and development. This study uses RBV in Malang City to examine how diverse resources interact in a dynamic urban economy including tourism, education, and industry. Thus, the major study questions are whether digital finance, e-commerce marketing, and company location affect Malang City MSMEs individually and collectively. These questions address regional MSME players' economic concerns and prospects as well as RBV theory.

Indonesian research has addressed these issues independently but rarely in an integrated framework. Gainau and Kilay (2023) and Utami (2023) addressed digital financing's pros and cons, whereas Noviani Hanum and Sinarasri (2018), Sutanto et al. (2024), and Teruna and Ardiansyah (2021) examined MSME growth and e-commerce marketing. Marfuah and Hartiyah (2019) and Aji and Listyaningrum (2021) found inconsistent location effects. Although significant, these research threads are disjointed. There is little empirical research on the influence of funding, marketing, and location on MSMEs in metropolitan areas like Malang, where they integrate conventional and digital methods. By incorporating these factors into an RBV-based conceptual model, this work advances understanding. Focusing on Malang City, with its large student population, thriving creative industries, and increasing tourist sector, fosters academic debate. These variables provide MSMEs particular possibilities and limits that may not exist in other Indonesian cities. The study gains theoretical and practical insights by placing it in this context.

The research purposively sampled 200 Malang City Cooperative and MSME Office-registered MSMEs to ensure validity. The sample included food and beverage, fashion, creative industries, and services, illustrating Malang MSMEs' structure. Online Google Forms surveys and offline questionnaires gathered data from digital and conventional business players. Compareability was achieved by employing closed-ended questions on a five-point Likert scale. This technique allowed the research to capture MSMEs' variance while maintaining sectoral relevance to Malang's urban economy. The study provides an empirical foundation for assessing RBV theories and practical suggestions for policymakers and MSME practitioners. The results could enable responsive policies that boost MSMEs to help them achieve Indonesia Emas 2045 by highlighting how digital finance, e-commerce marketing, and location affect performance.

2. MATERIALS AND METHODS

2.1 Barney's Resource-Based View (RVB) Theory

Barney's Resource-Based View (RBV) theory is frequently used in corporate strategy, especially for organizations seeking competitive advantage. RBV assumes that organizations can compete by controlling and using their internal resources to their strengths. Kuncoro (2005) characterizes RBV as a theoretical framework based on global economist research that explains how businesses may gain and maintain competitive advantage (Masyitoh et al., 2017). This approach emphasizes internal resources, stating that organizations have distinctive, uncommon, and difficult-to-copy talents. Effective use of these resources may provide significant benefits (Windi et al., 2020). RBV helps companies discover and assess their resources to develop long-term competitive strategies. A business maintains a competitive edge by outperforming industry averages and competitors. According to Muharam (2017), such organizations have better competencies to their rivals, assuring transitory success and strategic strength in dynamic marketplaces.

2.2 MSME Performance

Performance is the overall picture of successes in executing a program to meet an organization's objectives, goals, vision, and purpose.

Mangkunegara defines performance as the amount and quality of work an employee completes to fulfill their duties (Eka et al., 2025). Performance may be measured in Micro, Small, and Medium Enterprises (MSMEs) by sales turnover, labor addition, capital growth, market and marketing development, and company profit or income. Putri and Sukadana (2022) examined how capital, labor, management capacity, company location, and e-commerce affect Denpasar City fashion dealers' sales. They found that all these variables greatly impact sales. The research found that businesses in business clusters sold more than those outside them. E-commerce platforms increased sales for MSMEs, highlighting the necessity of digital transformation and strategic positioning for performance (Putri, 2022).

2.3 Hypothesis Development

Using fintech platforms, digital loan funding has become a vital source of cash for small firms, especially MSMEs. Digital loans let businesses apply, verify, and receive finance online without collateral or face-to-face encounters. This simplified procedure helps companies get capital faster and more easily, boosting operational sustainability and growth. According to Sulistiogo (2019), MSMEs' continuation depends on funding, emphasizing the need of accessible financial access in fueling their growth (Anggara & Purnamawati, 2023). According to Gainau and Kilay (2023), entrepreneurs who utilize market aggregator platforms to seek finance get better information that helps them make good capital-related choices, improving firm success. These results show that digital loan financing bridges financial gaps and shapes MSMEs' performance. Based on these findings, the first hypothesis (H1) of this study is that digital loan financing improves MSME performance.

Marketing is another important factor in MSMEs' success, especially in the digital economy. Digital transformation has made e-commerce platforms more effective for MSMEs to promote their items before sales. E-commerce, which includes B2B and B2C transactions, improves supply chain communication and collaboration. MSMEs contribute to national development, and digital marketing may increase their contribution, according to Triandra et al. (2019). Many MSMEs moved online to maintain market access during the COVID-19 epidemic, highlighting the significance of e-commerce. This trend shows that MSMEs may use e-commerce for marketing (Choirunisa & Mulyanti, 2023). Digital platforms increase client reach, eliminate operational inefficiencies, and enable product variety. Therefore, e-commerce is a crucial driver of MSMEs' better performance. In accordance with these findings, this study's second hypothesis (H2) is that e-commerce marketing improves MSME performance.

Along with cash and promotion, company location is crucial to success and sustainability. Location affects accessibility, customer reach, and company success, thus it must be carefully considered. Aidina and Rudini (2021) claim that simple access to business sites may help businesses succeed, whereas poorly selected or less strategic locations might limit development and discourage entrepreneurship. Mutianisa and Cahyani (2024) also list two key business location factors. The business environment includes closeness to markets or consumers, suppliers and raw resources, and competition. Second, rental fees, remodeling costs, power bills, and local labor salaries. These factors affect whether a location helps or hinders a company. Thus, location is a strategic choice that may impact profitability and growth. From these views, this study's third hypothesis (H3) is that strategic company location improves MSME performance.

2.4 Research Type and Approach

This study employed a quantitative research design with a descriptive–explanatory approach. Quantitative research allows the testing of relationships between variables using numerical data analyzed through statistical methods (Ali et al., 2022). The descriptive element was applied to provide an objective picture of MSME characteristics and their business environments, while the explanatory aspect sought to test causal relationships between digital financing, e-commerce marketing, business location, and MSME performance. The aim was not to manipulate variables but to systematically observe, measure, and analyze the phenomena under study in order to confirm whether the proposed hypotheses can be supported empirically.

2.5 Research Location and Subjects

The study was conducted in Malang City, East Java Province, which has historically developed as a student, tourism, and industrial hub. Malang is also an active center of creative MSMEs, making it an appropriate setting for the study. The sampling unit of this research was individual MSME owners or managers who are officially registered with the Malang City Cooperative and MSME Office. The sampling frame covered multiple sectors, including food and beverage, fashion, creative industries, and services. A purposive sampling method was applied to ensure respondents had operational businesses and sufficient knowledge to answer survey items. The Malhotra formula was used to determine the sample size, which multiplies the number of indicators by 10. With 20 indicators in the model, the required minimum sample size was 200 respondents. This size was considered sufficient for analysis using SmartPLS, which is robust for medium-sized samples.

2.6 Data, Data Types, and Data Collection Techniques

Structured questionnaires were delivered online (Google Forms) and offline (paper surveys) to obtain primary data. Interval data allowed parametric statistical methods. Closed-ended questions were scored on a five-point Likert scale from 1 (“strongly disagree”) to 5 (“strongly agree”). The constructs were assessed using recognized research indicators. Digital finance aspects included lending facilities, ease, flexibility, and payback terms. E-commerce marketing was judged by online promotion, market reach, platform utilization, and cost effectiveness. Business location was evaluated on accessibility, customer proximity, and visibility. MSMEs were evaluated on revenue growth, client base expansion, and operational efficiency. These metrics were developed from MSME scales and tailored to Malang City.

2.7 Operational Definitions of Variables

This research defines variables operationally to describe how each construct will be assessed and observed objectively. To verify data accuracy and suitability, each variable is examined using relevant indicators. The first independent variable, access to digital loan finance (X1), measures MSME actors' ability to use digital platforms to get business loans with straightforward processes. Gainau and Kilay (2023) note that this construct is assessed by five indicators: loan application simplicity and speed, money distribution efficiency, interest rate affordability, openness of loan-related information, and data and transaction security. The second independent variable, ease of e-commerce marketing (X2), measures MSME actors' perceptions on the cost-effectiveness and usability of e-commerce platforms for product marketing. According to Kartini et al. (2024), its markers include simplicity of registration and usage, affordable marketing expenditures, enlarged market potential, platform promotional tools, and transaction and shipment convenience. The factors are scored on a Likert scale from 1 (strongly disagree) to 5 (strongly agree).

The third independent variable, business location (X3), indicates geographical and environmental factors that assist company operations and accessibility. Fitriyani (2023) lists five parameters for this construct: consumer and supplier accessibility, supporting infrastructure, potential market, competitiveness, and environmental security. In a given time, MSME performance (Y) measures company results. Gainau and Kilay (2023) assess it by revenue or profit growth, asset growth, customer base expansion, productivity and operational efficiency, competitiveness and innovation, and business objectives. Each variable is assessed using a five-point Likert scale to quantify respondents' opinions and provide a credible statistical foundation.

2.8 Data Analysis

Data analysis was conducted using SmartPLS, which is suitable for models with multiple constructs and relatively small to medium sample sizes. Three main statistical procedures were employed: convergent validity testing, coefficient of determination (R^2), and hypothesis testing through t-tests and F-tests (Candra Susanto et al., 2024). Convergent validity was used to ensure that the indicators consistently represented their respective latent variables, confirming the reliability and validity of the measurement model. The coefficient of determination (R^2) was calculated to explain how much variation in MSME performance was accounted for by digital financing, e-commerce marketing, and business location; a higher R^2 indicates that the model better explains performance outcomes. The t-test was applied to determine the effect of each independent variable on MSME performance individually, while the F-test assessed the simultaneous effect of all independent variables together. These statistical tests were chosen because they provide rigorous evidence on both the isolated and combined influence of the predictors, thus aligning with the study’s explanatory objectives.

3. RESULTS AND DISCUSSION

3.1 Overview of the Research Object

This investigation was conducted in Malang City. Data was collected online and offline. Data was collected offline using printed questionnaires by visiting MSME actors in Malang City. Google Forms was used for online distribution. Overall, 200 people responded to the study. This sample size was sufficient to reflect the city's MSMEs and reveal responder characteristics. Demographic data provides a basic picture of respondents before data processing.

The first demographic group is business type. The survey categories of respondents' enterprises as food and beverage, fashion, commerce, handicrafts, services, and others. The bulk of Malang City MSMEs (67.3%) are food and beverage companies. Trade is second at 15.8%, followed by services at 12.4%. Meanwhile, 12.3% of respondents did business outside the five main categories. In addition, 9.9% worked in fashion and 6.9% in handicrafts. These findings indicate that food and beverage dominates Malang's MSME ecosystem, indicating customer demand and opportunity.

Compared to 41.6 percent male respondents, 58.4 percent female respondents were the majority. This demonstrates that Malang City women are important in MSME activity. According to age, respondents were separated into five groups: 17–25, 26–35, 36–45, 46–55, and above 56. The 17–25 age group had the most replies (30.2%). This was followed by 36–45 years (22.8 percent), 46–55 years (20.8 percent), and 26–35 years (19.3 percent). Respondents over 56 had the lowest percentage. This research found that most MSME actors are young and productive, showing a significant entrepreneurial presence among younger generations in Malang.

Respondent education was examined. The majority of respondents (47.5%) attended senior high school or technical school. 32.2 percent had bachelor's degrees, while 7.4 percent were primary school grads. The remaining 12.9% were junior high, diploma, and master's degree holders. This distribution illustrates that although many MSME players have higher education, many run firms with only secondary education. Such data shows that Malang entrepreneurship is not confined to those with extensive formal education.

MSMEs' ages, company classifications, initial cash, and marketing techniques are also examined. 34.7 percent of enterprises have been functioning for over six years, while 27.7 percent have been operating for one to three years. About 19.8% were 4–6 years old and 17.8% were under 1 year old. Most respondents were micro-enterprises with yearly revenue under IDR 300,000,000. Only 2 percent were medium firms, while 16.3 percent were tiny. Most respondents (75.2%) began their firm with less than Rp. 10,000,000, while fewer (18.3%), (4%) and (2.5%) had capital between Rp. 10,000,000 and Rp. 50,000,000. Most respondents (62.4%) used a mix of offline and online marketing, 26.2 percent used offline tactics completely, and 11.4 percent used internet marketing exclusively. Although micro-enterprises dominate, MSME operators in Malang are increasingly using integrated marketing techniques to increase competitiveness and market share.

3.2 Distribution of Respondents' Answers

The research examined 200 respondents' responses to five assertions on digital loan availability. Data that 50.1% of respondents selected “neutral”. The first statement received the most favorable responses: 50% “neutral,” 19.3% “agree,” and 16.8% “strongly agree.” This trend shows that although respondents found the digital loan application procedure easy and efficient, there are many elements about its merits. Interest rates, transparency, and data security continue to worry respondents. Thus, digital loan availability is relatively beneficial but requires openness and data security to build confidence in digital financial services.

Respondents rated e-commerce marketing higher than digital loan availability. The most popular option was “agree,” with 33.5 percent, followed by “strongly agree” with 27.0 percent. The most favorable answer was 33.2 percent and 34.1 percent strongly agreed that e-commerce helps their goods reach more people in the third statement. This shows how important internet platforms are for small business market development. Easy registration, efficient advertising materials, and transaction and logistical simplification were also well-received. These findings imply that most respondents see e-commerce as an efficient marketing tool that increases consumer reach and streamlines operational procedures, making small and medium firms more competitive in the digital economy.

The majority of respondents agreed, averaging 34.2 percent, followed by 33.7 percent. Infrastructure was the most positively received, with 45.5% strongly agreeing that their company location had appropriate roads, power, and internet connectivity. With 41.2% strongly agreeing that their company sites were easy to reach for clients and suppliers, accessibility was appreciated. This suggests that respondents see their company locations as strategically helpful, secure, and well-equipped. Yet, market competition answers were more mixed, with a significant number of neutral and negative replies, indicating that competitive pressure persists in certain sectors. Overall, location is seen to boost company development and sustainability.

Small company performance answers support other favorable judgments. The most common option was “agree,” with 37.0 percent, followed by “neutral” (31.8 percent) and “strongly agree” (20.0%). The third statement had the most favorable reaction, with 44.0 percent agreeing and 25.2 percent strongly agreeing that their company gained clients. This suggests that tiny businesses may increase performance by adding customers. Asset growth, cost efficiency via capital and technology, and sales and production objectives were all positive. However, several respondents were cautious about profit growth and meeting all corporate goals, showing that although performance is improving, profitability and target accomplishment remain issues.

Respondent impressions across the four categories show a steady tendency toward favorable assessments, with intensity varying by factor. Digital loan availability is relatively beneficial, but transparency and data security are issues. Positive answers to e-commerce marketing include growing market reach and streamlining operations. Business location has the most favorable agreement, indicating that infrastructure and accessibility are crucial to success. Finally, small business performance results show an increase in customers, assets, and efficiency, but profitability and goal achievement remain limited. These results demonstrate that access to financial services, use of digital platforms, and favorable business settings impact small firm performance in Malang, but gaps remain to promote more sustainable and equitable development.

3.3 Validity and Reliability Test

The convergent validity test determined if each construct's indicators accurately represented its latent variables. Assessment used outer loading values and Average Variance Extracted. The first study showed that most constructs had outer loading values over 0.70, meeting validity criteria. E-commerce, company success, and digital loan access were constant across all parameters. The location variable has one weak indication (L4) with a loading value of 0.444, below the threshold. All constructs had AVE values over 0.50, showing convergent validity, although the location variable had the lowest at 0.539, indicating worse measurement quality. To improve model validity, indicator L4 was removed and the analysis rerun.

Re-analysis improved outer loading values. All metrics, including location construct, exceeded 0.70, suggest better convergent validity. AVE values increased, with the location variable increasing to 0.658, while Cronbach's Alpha and Composite dependability stayed above criteria, showing internal consistency and construct dependability. Excluding the weak indicator gave the measurement model accurate and reliable representation of all constructs.

3.4 Determination Test (R-Square)

With an adjusted R Square value of 0.300, the coefficient of determination test shows that digital loan availability, e-commerce, and firm location explain 30% of MSME performance variance. This implies that these three elements affect performance. However, other variables not included in the model account for 70% of the variance, demonstrating that MSME success is also influenced by external or internal factors.

Table 1. AVE

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)	Description
E-Commerce	0.879	0.881	0.912	0.674	Reliable
MSME Peformance	0.874	0.882	0.908	0.663	Reliable
Location	0.829	0.843	0.885	0.658	Reliable
Digital Capital Loans	0.850	0.867	0.892	0.622	Reliable

Table 2. Determination Test

	R Square	R Square Adjusted
MSME Peformance	0.311	0.300

3.5 f-Test

The F-test and effect size estimates show how each independent variable affects MSME performance. The impact size of e-commerce is 0.044, which is modest. This implies that e-commerce improves MSME performance but not significantly. Location has a greater impact size of 0.145, still tiny but approaching medium, demonstrating that company location affects MSME performance more than e-commerce. This emphasizes strategic placement and accessibility for corporate success. Digital loan access has a small impact size of 0.006, below 0.02. This suggests that digital finance has little or no effect on MSME performance in this research. Thus, company success may depend increasingly on variables other than digital loans.

3.6 t-Test

The t-test shows how much each independent variable affects MSME performance. E-commerce marketing has a t-statistic of 2.770 and a p-value of 0.006, below 0.05. If other factors remain constant, e-commerce marketing improves MSME performance, supporting hypothesis H2. Digital marketing platforms improve market reach and company results, as shown by this research. The location variable's t-statistic is 5.582 with a p-value of 0.000, supporting hypothesis H3. Strategic company location favorably impacts MSME performance, highlighting the relevance of accessibility, infrastructure, and market potential. Digital loan access exceeds the 0.05 significance threshold with a t-statistic of 1.078 and p-value of 0.282. We reject hypothesis H1, showing that digital finance has a favorable impact but does not substantially affect MSME performance in this research.

3.7 The Effect of Access to Capital Loans (X1) on MSME Performance

The digital loan access variable (X1) has a positive value of 1.078 in the t-test, supporting the hypothesis that increased digital loan access improves MSDigital loan access (X1) has a positive t-value of 1.078, suggesting that financing might improve MSME performance. This impact is not statistically significant since the p-value is 0.282, which is above 0.05. It seems that Malang MSMEs are not yet able to use credit availability to develop their businesses. In contrast, Sulistiogo (2019) found a strong and positive association between access to funding and MSME development, showing that context matters. Digital finance initiatives may fail in Malang due to lack of financial literacy, administrative competence, and digital uptake. The Resource-Based View (RBV) states that valuable, scarce, unique, and well-managed resources provide a competitive edge. MSME performance cannot be improved by digital loans alone without financial planning, risk assessment, and strategic allocation. This may explain why Malang has yet to achieve digital financing's promise.

Table 3. F test

	E-Commerce	MSME Peformance	Location	Digital Capital Loans
E-Commerce		0.044		
MSME Peformance				
Lokasi		0.145		
Digital Capital Loans		0.006		

Table 4. t-test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
E-Commerce → MSME Peformance	0.219	0.222	0.079	2.770	0.006
Location → MSME Peformance	0.379	0.382	0.068	5.582	0.000
Digital Capital Loans → MSME Peformance	0.070	0.083	0.065	1.078	0.282

Access to money alone cannot improve MSMEs, according to policy. Government agencies and financial institutions must create integrated credit access and capacity development initiatives. Accounting, digital financial literacy, and debt management training will help MSME owners utilize loans more effectively. Mentoring and monitoring may also minimize mismanagement and loan default. This supports national MSME competitiveness plans for inclusive economic development. Therefore, digital loan access is part of a larger ecosystem that includes money, knowledge, technology, and management growth.ME performance (Y). However, the p-value of 0.282 above the 0.05 significance level, disproving the claim that digital loan availability improves MSME performance in Malang. This implies that digital loan availability alone may not always improve MSME performance in the area. The positive association suggests that increased access improves performance, although actual data do not support this throughout the population. It seems that management capabilities, marketing tactics, and human resource skills have a greater impact on MSME success (Y). In contrast, Sulistiogo (2019) discovered that loan availability substantially and positively improved MSME performance. This may be because Malang MSMEs face issues including poor financial literacy and low technology adoption in company management, which might inhibit digital financing. Thus, digital loan access may fuel corporate success, but without good financial management and technology adoption, it has little influence.

3.8 The Effect of E-commerce Marketing (X2) on MSME Performance

E-commerce marketing (X2) substantially enhances MSME performance, validating Hypothesis 2. MSMEs that use e-commerce platforms have increased revenues, wider market presence, and more efficient operations. E-commerce streamlines company procedures with product registration, online transactions, and integrated payment, Azhari Hutabarat et al. (2022) and Sukmantari and Julianto (2022) found that digital platforms boost small company sales and profitability. However, Malang shows that performance increases rely on businesses' smart use of e-commerce platforms as well as their access. The RBV suggests that e-commerce adoption becomes unusual and valuable when enterprises can distinguish themselves via digital presence and client involvement. E-commerce is a strategic instrument for sales and hard to copy when handled well. Success involves ongoing digital skills training in platform advertising, transaction fees and taxes, and consumer feedback integration into product enhancement. MSMEs risk underutilizing platforms and losing benefits without these capabilities.

In practice, Malang MSMEs require organized guidance to maximize digital marketing. Prioritize digital branding, online advertising, and CRM training. Digital entrepreneurship training on search algorithm optimization, online storefront management, and social media should be offered by local governments and business groups. To lower entry barriers, policymakers could subsidize internet access and encourage digital adoption. Additionally, agreements with established e-commerce enterprises might provide MSMEs priority training and advertising opportunities. E-commerce marketing should be seen as a long-term strategic asset that boosts MSME competitiveness, innovation, and market growth.

3.9 The Effect of Business Location (X3) on MSME Performance

Business location (X3) had the greatest positive influence on MSME performance, with a t-value of 5.582 and a p-value of 0.000. This shows that Malang MSMEs' success depends on physical accessibility, even as digital platforms grow. A strategic position near consumers, suppliers, and transportation hubs boosts revenues, lowers expenses, and improves efficiency. These results support Aidina and Rudini (2021) and Mutianisa and Cahyani (2024), who found that location remains a key competitive factor for food, retail, and service companies. The Bekasi instance of “Bakso Rudal” (Panjaitan et al., 2025) shows how geographical benefits increase revenue and customer retention. Business location is a unique physical resource that gives sustained benefits when linked to company strategy, according to RBV. Location is rare and hard to imitate, unlike digital technology. Continuous customer flow, visibility, and operational stability boost MSME performance, brand reputation, and consumer loyalty. Thus, location is both a marketing mix component and a structural resource affecting long-term competitiveness.

The policy and practical ramifications are major. Municipalities should emphasize spatial design that incorporates MSMEs into accessible commercial areas and provides public transit, parking, and utilities. Affordable renting schemes or strategic business area subsidies might help small enterprises compete with bigger ones. To boost synergy, visibility, and consumer traffic, urban development strategies should cluster MSMEs in certain zones. These initiatives will boost MSME performance and boost regional economic growth by fostering thriving business ecosystems. Integrating physical accessibility and digital transformation will balance MSME development in Malang.

4. CONCLUSION

This research examined how digital finance, e-commerce marketing, and company location affect Malang City MSMEs. The results show three main conclusions. First, digital loans do not increase MSME performance, showing that digital lending channels are accessible but underutilized due to insufficient financial literacy and management skills among MSME players. Second, revenue growth, operational efficiency, and consumer reach improve with e-commerce marketing, which is statistically significant. Third, company location matters because accessible and well-supported businesses have better sales and operational stability. The remaining 70% of MSME performance variance is likely driven by product innovation, human resource quality, and manufacturing technology. These three variables explain 30%. This research integrates digital finance, e-commerce marketing, and company location into a Resource-Based View (RBV) paradigm, making it unique. Indonesian studies have examined these issues separately, but this study shows their combined and individual influence on MSME performance. The results also show that marketing and location are more important than digital funding in Malang and that resource mobilization does not guarantee success without knowledge and preparedness. The research improves RBV theory for developing country MSMEs by actually examining these links in a fast growing urban economy.

The research has practical consequences for MSME actors and policymakers. The findings show entrepreneurs should prioritize digital marketing methods, carefully examine firm location, and improve financial management abilities before using digital loan services. The results emphasize the need for focused financial literacy, digital marketing, and site planning training and infrastructure development to promote business clusters for policymakers and support institutions. The efforts would boost MSME competitiveness and sustainability in Malang and beyond. Although the research focuses on Malang City, its findings apply to other Indonesian cities and emerging economies. Cities with high MSME development, tourism and creative sectors, and unequal digital adoption may face comparable difficulties and possibilities. Thus, the findings demonstrate how MSMEs may use resources to assist national development plans like Indonesia Emas 2045. Future study should address product innovation, human capital development, and social media use as predictors of MSME success, as well as qualitative methodologies to capture entrepreneurial decision-making. Future research may better understand MSME dynamics in a changing digital and competitive context by addressing these elements. This research empirically and practically strengthens MSMEs as inclusive economic growth engines and essential players in Indonesia's long-term development plan.

DISCLAIMER (ARTIFICIAL INTELLIGENCE)

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc) and text-to-image generators have been used during writing or editing of this manuscript.

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COMPETING INTERESTS

Authors have declared that no competing interests exist.

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