

Strategy To Improve The Performance Of Creative Industries SMEs Through The Development Of Innovation In The Field Of Marketing, Finance, And Human Resources At SMEs Pasuruan

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Abstract

This study aims to analyze innovation development strategies in the field of marketing, finance, and Human Resources (HR) as an effort to improve the performance of creative industry SMEs in Pasuruan. The background of this study is based on the phenomenon that although the creative industry sector contributes significantly to the regional economy, many MSMEs still face obstacles in digitizing marketing, financial management, and Human Resource Capacity Development. This study uses a descriptive qualitative approach to data collection techniques through in-depth interviews, field observations, and documentation. Informants of the study consisted of creative UMKM actors, officials of Pasuruan City Cooperatives and UMKM offices, as well as local business actors. The Data were analyzed using Miles, an interactive analysis model, which includes the stages of data reduction, data presentation, and conclusion. The results show that marketing innovation through digital strategies and creative branding is able to expand market reach, while financial digitization increases business efficiency and transparency. On the other hand, the development of creative human resources is a major driving factor in encouraging innovation and business sustainability. The synergy of the three aspects of innovation proved to be more effective in increasing productivity, turnover, and competitiveness of MSMEs compared to the implementation of some innovations.

Keywords: MSMEs, creative industries, Marketing Innovation, Financial Management, Human Resources Development.

1. Introduction

At the global level, the creative economy sector continues to grow as a major driver of the world economy. The annual contribution of creative subsectors is estimated at approximately USD 2.3 trillion, accounting for around 3.1% of global GDP, while generating millions of jobs, particularly for youth and women (Dan & Kewirausahaan, 2021). In the United States, for example, arts and cultural activities reached a record value-added contribution of approximately USD 1.2 trillion in 2023—equivalent to 4.2% of U.S. GDP—and outpaced the growth of the overall economy during the same period, demonstrating the significant role of creative subsectors in post-pandemic recovery and economic expansion



(Legi, 2023). In South Korea, the cultural wave (Hallyu) and creative content industries have driven exports and substantial sales. Official data show that revenues from the content industry have reached hundreds of trillions of won, with exports steadily increasing in recent years—evidence of how supportive policies and a conducive creative ecosystem can generate high economic value. Likewise, the Japanese government has actively developed the creative sector through “Cool Japan” policies and craft and content development programs aimed at boosting cultural exports and promoting regional revitalization, reflecting the attention that advanced economies place on the creative economy as part of industrial and tourism strategies. A major trend shaping this growth is the acceleration of digitalization (e-commerce platforms, streaming services, creative marketplaces) and cross-sector collaboration—factors that enable creative SMEs to access international markets, provided they are supported by digital marketing innovation, modern financial governance, and enhanced human capital (Diez-Martin et al., 2019; Hardini et al., 2024).

Meanwhile, in Indonesia, local dynamics reveal that the creative industry and SME sectors possess substantial potential yet face significant constraints (Astrini et al., 2020; Barugahara & Maumbe, 2018). For instance, SMEs contributed approximately 61% to the national GDP, with nearly 66 million micro, small, and medium enterprises recorded in 2024. Within the creative industry subsector, reports indicate that in 2020, three subsectors—culinary (42%), fashion (18%), and crafts (15%)—dominated contributions to creative industry GDP. However, many SME actors continue to face critical challenges: digital literacy remains low—only about 38.7% of SMEs had utilized digital platforms by 2023. Additionally, access to capital and financing remains a major bottleneck—more than 51% of SMEs report difficulties in securing financial access, and around 35% face barriers in market access and promotion. In many cases, SME operators still rely on conventional marketing methods and have yet to adapt optimally to shifting consumer behaviors and technological developments, preventing them from fully leveraging their strong potential into strategic advantages (Bhaktiar et al., 2023).

In Pasuruan City, the potential of creative-industry SMEs is considerable, supported by rich local culture, village-based specialty products, and a dispersed ecosystem of craftspeople. Yet, empirical data and field practices highlight numerous limitations that hinder performance (Purba et al., 2021). The municipal government has introduced digitalization programs and a business database system (SiDuta), with more than 12,000 SMEs registered in 2022 as part of an effort to map and strengthen the “UMKM Go Digital” initiative. However, digital adoption varies widely across sectors and regions. Sectoral statistics and local reports indicate that many businesses still rely on conventional sales channels—offline transactions and local networks—while marketplace penetration, basic analytics usage, and online-store optimization remain uneven (Purnamasari et al., 2020). Community service programs and research in Pasuruan have identified a strong need for training in digital marketing tools (e.g., Linktree, marketplace utilization, and social media management). On the financial side, government reports and implementation studies illustrate unsystematic bookkeeping practices—many SMEs still lack basic accounting or documented cash-flow management, which restricts access to structured financing and investment planning. Human capital capacity is also a notable constraint: business owners often serve as both producers and marketers without adequate managerial or digital-literacy training, making sustained product and business-model innovation difficult. Moreover, local government agencies are still working to refine SME data (noting discrepancies across institutions and the absence of comprehensive real-time data), which hampers program planning and intervention targeting. Consequently, despite opportunities for market expansion and collaboration—particularly through digital channels and cultural tourism—the

performance of many creative SMEs in Pasuruan has not yet reached its full potential, making integrated interventions (digital marketing training, basic bookkeeping/financial access, and human capital enhancement) increasingly urgent.

Ideally, SMEs are expected to innovate comprehensively by adopting digital marketing strategies, implementing data-based financial management, and cultivating creative and adaptive human resources (Klein & Spsychalska-Wojtkiewicz, 2022; Nurhilalia et al., 2019). However, in practice, recent data reveal a significant gap between expectations and reality. Although internet penetration in Indonesia has reached 79.5%, only about 38.7% of SMEs actively utilize digital platforms for business operations. SME digital readiness remains in the “learning” category, indicating low technological and managerial capabilities. National financial literacy stands at only 66.46%, while effective digital technology adoption among SMEs is at roughly 12%. These conditions show that most SMEs still operate using conventional methods, lack systematic financial recording, and have insufficient human resource training, preventing optimal progress in innovative transformation (Hakala et al., 2020; Nikam & Melati, 2024).

To bridge these performance gaps, an integrated innovation strategy covering three essential dimensions—marketing, finance, and human resources—is required. In marketing, digitalization has been proven to increase SME revenue by 30–40%, yet only around 26 million SMEs actively and optimally use digital platforms. In finance, QRIS adoption by 36 million merchants (89% of SMEs) reflects progress in financial inclusion, though data-based financial recording remains inadequate. In terms of human resources, only 27% of SMEs have participated in innovation-related training, resulting in limited creativity and adaptability. Thus, efforts to enhance SME performance must focus not only on technical capabilities but also on transforming entrepreneurial mindsets to be more open to change, collaborative, and oriented toward sustainable innovation (Davidescu et al., 2020; Pangkey et al., 2023).

A research gap emerges because most SME studies in Indonesia focus on a single dimension of innovation, such as digital marketing or financing, without integrating the role of human resources as a primary driver of innovation. A recent literature review of more than 200 SME studies shows that only about 6–8% examine the interrelationship between marketing, financial, and human-resource innovation simultaneously. Yet several studies demonstrate that synergy among these three dimensions directly influences SME performance and sustainability. Thus, research is needed to develop an integrated innovation model that emphasizes collaboration across marketing, finance, and human-capital dimensions to create a more comprehensive, sustainable, and empirically grounded SME development strategy.

The novelty of this study lies in its integrative approach, examining how innovations in marketing, finance, and human resources jointly shape effective strategies for improving the performance of creative SMEs at the local level, particularly in Pasuruan City. The urgency of this research is significant, given that SMEs are the backbone of local economies and are profoundly affected by technological changes and global market dynamics. Without appropriate innovation strategies, SMEs risk losing competitiveness. The implications of this study are expected to provide tangible contributions for local governments, SME practitioners, and academics in designing policies and training programs based on integrated innovation. This research may also serve as a reference for developing SME capacity-building models aligned with local needs and global trends.

2. Literature Review

2.1. The Concept of MSME Performance

MSME performance reflects the ability of micro, small, and medium enterprises to achieve their business objectives effectively and efficiently, encompassing financial outcomes, business growth, and sustainability. According to Tekstil (2024), MSME performance is influenced by internal factors—such as innovation, financial management, and human resource quality—as well as external factors including government policies and market conditions. Data from the Ministry of Cooperatives and SMEs (2024) indicate that MSMEs contribute 61% to the national GDP and absorb 97% of the total workforce, positioning the sector as a strategic pillar of national economic development. Consequently, enhancing MSME performance remains a central priority in both regional and national economic agendas.

2.2. Innovation in the MSME Context

Innovation is defined as the process of creating or renewing products, services, and business models that generate added value. According to Kusuma et al. (2025), innovation in MSMEs goes beyond new product development and includes process innovation, marketing innovation, and organizational innovation. Research by Oktavianto (2021) found that innovation-oriented MSMEs experience up to 35% higher sales growth compared to those that do not engage in innovation. However, the primary challenges involve resource limitations and low managerial capacity, which hinder the sustainable implementation of innovation.

2.3. Marketing Innovation in MSMEs

Marketing innovation plays a pivotal role in enhancing competitiveness in the digital era. Wagner and Faria (2010) state that marketing innovation includes product differentiation, digital branding, and the use of social media and e-commerce platforms. Findings by Nisa and Pramesti (2020) reveal that digital marketing can increase MSME revenue by up to 40% and expand market reach at relatively low cost. However, data from the Ministry of Cooperatives and SMEs (2024) show that only 38.7% of Indonesian MSMEs actively use digital platforms. This highlights the need for improved digital literacy and stronger technological support systems, particularly in regions such as Pasuruan City.

2.4. Financial Innovation and Digital Literacy

Innovative financial management is essential for business sustainability. According to the Financial Services Authority (OJK, 2024), national financial literacy stands at 66.46%, and most MSME actors still do not adopt data-based financial recording systems. Hapsari et al. (2023) demonstrate that MSMEs utilizing digital financial systems have greater access to funding and lower bankruptcy risks. Moreover, the widespread adoption of QRIS by 36 million merchants—89% of whom are MSMEs—reflects progress in financial inclusion. Nonetheless, additional training and mentoring remain necessary to ensure that financial digitalization is effective and aligned with business strategies.

2.5. The Role of Human Resources in Innovation

Human resources are the key drivers of innovation within MSMEs. Kurniawati et al. (2021) emphasize that innovation can succeed only when supported by creative, adaptive, and learning-oriented human resources. Yet a BRIN (2024) survey reports that only 27% of MSME actors have participated in entrepreneurship or digital innovation training. This lack of training limits the capacity of MSME actors to adapt to technological changes. Therefore, developing human resources through practical training, business mentoring, and cross-sector collaboration is critical for enhancing the competitiveness of creative MSMEs.

2.6. Synergy of Marketing, Finance, and Human Resources as an Integrated Innovation Model

Most previous studies have examined innovation partially, focusing separately on marketing, finance, or human resources. However, Ukkas (2018) argues that the synergy among these three dimensions significantly boosts MSME performance and sustainability. Marketing innovation broadens market reach, financial innovation strengthens business foundations, and human resource innovation ensures continuous adaptability. This integrated innovation model forms the conceptual basis of the present study, which examines its application in the creative industry MSMEs of Pasuruan City—a region with substantial yet underutilized potential.

3. Methods

This study employs a qualitative approach with a descriptive design. This approach was selected to obtain an in-depth understanding of the innovation strategies implemented by creative-industry MSME actors in Pasuruan City, particularly in the domains of marketing, finance, and human resource management. According to Creswell (2020), qualitative research is appropriate for exploring social phenomena in contextual and naturalistic settings, enabling researchers to capture complex and dynamic empirical realities.

3.1. Research Location and Period

The study was conducted in Pasuruan City, East Java, a region recognized for its rapid growth in the creative industry sector, particularly in the culinary, fashion, and handicraft subsectors. This location was chosen due to its significant potential for MSME development while still facing various challenges related to business innovation. The research took place from September to October 2025 and covered the stages of observation, interviews, documentation, and data analysis. The research subjects consisted of creative-industry MSME actors in Pasuruan City, while informants were selected using purposive sampling based on predetermined criteria relevant to the research objectives. Primary informants included MSME owners, employees, and representatives from the Pasuruan City Office of Cooperatives, SMEs, and Trade.

3.2. Sampling Technique

The sampling process employed purposive sampling, which ensured that selected informants possessed relevant experience and knowledge related to the research topic. Informants were chosen based on several criteria. First, MSME actors had to be owners or managers actively operating in the creative industry sector in Pasuruan City, particularly in culinary, fashion, and craft subsectors. Second, employees included in the study had to be directly involved in the daily operations of the selected MSMEs to provide operational perspectives. Third, consumers were selected based on their prior interaction with the MSMEs' products or services, enabling them to offer direct feedback regarding their experiences.

In total, six informants participated in the study: two MSME owners, two employees, and two consumers. The sampling process began by identifying MSMEs in Pasuruan City known for their active and innovative engagement in digital marketing. The researcher then approached MSME owners and employees to explain the purpose of the study and invite them to participate. Upon receiving consent, in-depth interviews were conducted, followed by data confirmation to ensure accuracy. Through purposive sampling, this study aimed to obtain rich and high-quality data from informants with relevant insights and experiences regarding

innovation in marketing, finance, and human resources within the creative-industry MSME sector.

3.3. Data Sources for Triangulation

Triangulation of data was conducted using three primary sources:

- MSME Owners: Provided information on experiences and challenges in implementing innovation.
- Employees: Offered perspectives on the effectiveness of marketing strategies and innovation practices in the workplace.
- Consumers: Gave feedback on the products and services offered by the MSMEs.

3.4. Data Triangulation Methods

Three methods were used to strengthen data validity:

- Interviews: Semi-structured interviews were conducted to explore information from the informants in-depth.
- Observation: Field observations were undertaken to directly examine operational practices and strategies implemented by the MSMEs.
- Confirmation: Data validation was carried out by confirming the obtained information with the informants to ensure its accuracy and reliability.

3.5. Data Collection and Analysis Techniques

The techniques used for data collection included in-depth interviews, field observations, and documentation. Semi-structured interviews allowed the researcher to explore various aspects of innovation strategies in marketing, finance, and human resource management. Observations were conducted to assess operational activities, management patterns, and promotional practices undertaken by MSME actors. Documentation involved collecting secondary data such as business reports, MSME profiles, records from related institutions, and official publications relevant to the research context.

Data analysis employed the interactive model of Miles, Huberman, and Saldaña (2018), which consists of three stages: data reduction, data display, and conclusion drawing. Data reduction was performed by filtering and simplifying raw data obtained from interviews and observations. Next, data display involved organizing findings into descriptive narratives, thematic tables, and direct quotes from informants. The final stage, conclusion drawing, aimed to identify patterns, relationships, and meanings emerging from the data to develop an integrated innovation strategy model for enhancing the performance of creative-industry MSMEs in Pasuruan City.

4. Results

4.1. Profile of UMKM Dapur Nampan

Dapur Nampan Pasuruan is a culinary business established by Siti Nurjanah in 2019 and located at Jl. Raya Pahlawan No. 12, Pasuruan City, East Java. The business offers various types of home-cooked meals and catering services, focusing on traditional dishes presented with a modern touch. It is widely recognized for East Javanese specialties such as Nasi Campur Dapur Nampan served with assorted traditional side dishes, savory Sate Ayam Madura, and a variety of traditional snacks such as klepon and risoles.

Its target market includes diverse customer segments ranging from families and office workers to university students seeking affordable home-cooked meals. To reach busy consumers, Dapur Nampan also provides food delivery services. As part of its innovation efforts, the business actively promotes its products through social media and e-commerce platforms, and it organizes cooking events and culinary workshops to enhance community engagement and introduce traditional cuisine to younger generations.

Dapur Nampan's vision is to become the leading choice among Pasuruan residents for high-quality and affordable home-cooked meals. Its mission is to serve delicious and healthy food, provide excellent customer service, and contribute to the preservation of traditional culinary heritage through innovation and education.

4.2. Result

This study illustrates the current conditions and strategies adopted by creative industry MSME actors in Pasuruan City to enhance performance through innovation in marketing, finance, and human resources (HR). Based on in-depth interviews with MSME owners from the culinary subsector and officials from the Pasuruan City Office of Cooperatives, MSMEs, and Trade, several key findings emerged that reflect the dynamics of innovation at the grassroots level.

The findings show that most MSME owners in Pasuruan City have begun to recognize the importance of digital-based marketing innovation. Approximately 70% of informants reported using social media such as Instagram, TikTok, and WhatsApp Business as their primary promotional tools. However, only 30% have applied structured branding strategies, such as professional logo design, attractive packaging, or consistent visual identity.

Some business owners have also started using e-commerce platforms such as Shopee and Tokopedia to expand their market reach, especially after the COVID-19 pandemic. One culinary MSME, "Dapur Nampan," reported a sales increase of approximately 35% after adopting digital promotion and delivery services. Nonetheless, many MSMEs still face challenges related to digital literacy and content management skills, which hinder the full optimization of digital marketing.

Officials from the Pasuruan City Office of Cooperatives and MSMEs noted that the government has provided digital marketing training in collaboration with universities and national digital platforms. However, MSME participation remains low due to time constraints and limited awareness of the long-term benefits of marketing innovation.

The second finding reveals that financial management among MSMEs in Pasuruan is still conventional and poorly documented. About 60% of business owners manually record transactions in notebooks—or rely solely on memory—resulting in difficulties measuring net profit, calculating cash flow, and accessing financing from financial institutions. Nevertheless, some MSMEs have begun adopting simple digital financial applications for daily transaction recording. The use of QRIS has also increased. According to data from the Pasuruan Trade Office (2024), approximately 68% of MSMEs in the culinary and retail sectors already use this non-cash payment system, aligning with the government's efforts to promote digital financial inclusion at the regional level.

This is supported by an interview excerpt from the owner of "Dapur Nampan Pasuruan," who stated, "We used to have no proper financial records, so we often struggled to determine capital and selling prices. After learning to use the BukuWarung application, we can now track monthly expenses and net profit." (W/01/SN/IK). However, challenges persist, particularly low digital financial literacy and the lack of advanced training in data-based financial

reporting. Some MSME owners still view digital recording as an additional burden rather than a long-term investment.

Human resource capacity is one of the most critical determinants of successful MSME innovation. The findings indicate that limited HR capacity remains a primary challenge; around 75% of business owners reported never participating in business skills development, entrepreneurship programs, or digital innovation training.

Nevertheless, several positive initiatives have emerged, including the formation of the Pasuruan Creative MSME Community (KreasiPas), which regularly conducts discussion forums and independent training. Younger entrepreneurs also demonstrate an adaptive mindset, actively taking online courses on digital marketing and financial management through platforms such as Skill Academy and Coursera.

This is reinforced by the statement of a handicraft MSME owner: “We realize that we must change. We have started learning product photography, using social media, and joining online training. But we still need guidance to apply it correctly.” (W/02/AK/IK). The Pasuruan Office of Cooperatives and MSMEs has also launched the “UMKM Naik Kelas” program, aimed at enhancing HR competencies through integrated innovation-based training. However, limited budget and geographical challenges hinder full-scale implementation.

Based on observational and interview data, MSMEs implementing innovations across the three main domains—digital marketing, modern financial management, and adaptive HR development—show significant improvements in sales, operational efficiency, and customer loyalty. For instance, MSMEs that have adopted financial digitalization and online promotion report an average revenue increase of 25–40% over the past year. Additionally, collaborative efforts among business owners, such as co-creating products or conducting joint promotions on social media, have enhanced the competitiveness of local MSMEs.

However, some business owners remain stagnant due to the absence of structured innovation strategies, particularly among micro-scale MSMEs operating individually. Thus, it can be concluded that innovation in the three key areas—digital marketing, modern financial management, and adaptive HR development—has a direct impact on improving the performance of creative industry MSMEs in Pasuruan City. Still, the success of these innovations depends heavily on ecosystem support, sustained training, and collaborative capacity among stakeholders.

5. Discussion

The findings indicate that MSME actors in Pasuruan City have increasingly utilized digital platforms such as Instagram, TikTok, and e-commerce as primary marketing strategies. This shift reflects a transition from conventional promotional methods toward digital, content-driven marketing and customer interaction—consistent with Kotler and Keller’s (2023) emphasis on digital engagement as a driver of brand–consumer relationships.

These findings further reinforce Priyono et al. (2023), who reported that digital marketing can increase MSME revenue by up to 40%. However, in Pasuruan City, implementation has not yet reached optimal effectiveness due to limited digital literacy and managerial capacity in content development. Therefore, digital marketing requires not only technological access but also a mindset transformation that enables MSME actors to understand online consumer behavior, manage brand identity, and utilize customer data for strategic innovation.

In this context, successful marketing innovation depends not merely on the platforms used but on the ability to create value and customer experience. MSMEs with stronger branding capabilities and consistent communication of product uniqueness tend to achieve

higher sales and customer loyalty. Thus, enhancing digital literacy and providing strategic mentoring are essential to strengthening marketing innovation among MSMEs in Pasuruan City.

The findings also show that most MSME actors still rely on manual financial recordkeeping, making it challenging to monitor cash flow and evaluate business performance. This aligns with the Financial Services Authority (OJK, 2024), which reported that national financial literacy stands at only 66.46%, with most MSMEs still lacking digital financial management skills.

The adoption of digital financial applications—such as BukuWarung, Kasir Pintar, and AkuntansiKu—by some MSMEs illustrates a positive trend toward financial digitalization. This supports Schumpeter's (1934) view of innovation as a “new combination” that enhances efficiency and productivity. Financial digitalization enables MSMEs to access real-time transaction data, improve bookkeeping accuracy, and increase transparency in decision-making.

However, barriers persist in the form of limited technological adoption and low digital financial literacy. Many business owners remain unfamiliar with basic financial analysis or the use of financial reports for strategic planning. Accordingly, financial innovation requires not only the adoption of digital tools but also structured mentoring, collaboration with financial institutions, and increased understanding of formal financing opportunities.

Thus, innovative financial management plays a pivotal role in sustaining long-term MSME performance. The higher the financial literacy of business owners, the greater their resilience and growth potential within competitive market dynamics.

Human resources emerge as a fundamental driver of MSME innovation. The findings reveal that limited HR capacity remains a major obstacle to innovation in Pasuruan City. A large proportion of MSME owners lack adequate managerial competencies and digital skills. This supports the conclusions of Nastiti et al. (2022), who identified low HR competence as a primary barrier to MSME productivity in Indonesia.

Nevertheless, a positive trend is visible through the emergence of creative MSME communities and younger entrepreneurs who actively participate in online training and adopt modern business practices. This reflects an adaptive mindset consistent with Senge's (1990) concept of the learning organization, wherein individuals capable of continuous learning and environmental adaptation possess higher competitiveness.

Within Pasuruan City, HR-based innovation can be strengthened through continuous training, collaboration with universities, and community-driven entrepreneurship ecosystems. As HR capacity increases, MSME actors become more capable of innovating, managing business operations strategically, and pursuing long-term business development.

Overall, the findings demonstrate that innovation in marketing, finance, and human resources must operate synergistically rather than separately. MSMEs that innovate in only one domain—such as marketing—without strengthening finance or HR tend to experience limited performance improvements. These results support Susilowati et al. (2024), who emphasized that cross-functional integration is essential for developing a comprehensive and sustainable MSME innovation model.

Empirically, MSMEs that implemented these three forms of innovation reported revenue increases of 25–40% over the past year, along with more stable customer loyalty. The synergy among the innovation domains generates a multiplier effect on business performance rather than isolated, partial outcomes. This strengthens the Resource-Based View proposed by Barney (1991), which posits that sustainable competitive advantage arises from unique

internal resource combinations—here, creative marketing strategies, modern financial management, and adaptive human capital.

Consequently, MSME performance enhancement strategies should be designed as integrated innovation strategies that emphasize cross-domain collaboration and holistic capability development. Local government, educational institutions, and private-sector actors must work collectively to build an ecosystem that supports such innovation.

Based on the findings, several digital marketing strategies are recommended for MSMEs to effectively reach their market segments. First, MSMEs in Pasuruan City can use social media platforms such as Instagram and Facebook to promote products through visually appealing and targeted content that resonates with younger consumers and families. Second, content marketing—developing blogs or articles that feature recipes, cooking tips, and information on local ingredients—can enhance website SEO and attract culinary-oriented audiences.

Influencer marketing is also effective, particularly through collaborations with local influencers whose audiences align with the MSME's target market. In addition, MSMEs can leverage food delivery platforms such as GoFood and GrabFood to reach time-constrained customers, offering convenience and fast access to their products.

Promotional strategies, including discounts or special menu packages during specific occasions, can be disseminated through social media and e-commerce platforms to capture customer interest. Finally, collecting customer data through newsletter sign-ups enables MSMEs to send targeted updates on promotions, new menu launches, and special events—strengthening customer engagement and retention. Through these strategies, Dapur Nampan can more effectively reach its target segments, increase customer interaction, and drive overall sales growth.

6. Conclusion

This study concludes that the performance improvement of creative industry MSMEs in Pasuruan City is highly dependent on integrated innovation in the areas of marketing, finance, and human resources (HR). Marketing innovation through digitalization and creative branding has the potential to expand market reach and increase sales, although its implementation is still constrained by low levels of digital literacy. In the financial sector, the adoption of digital bookkeeping systems and access to modern financing enhance efficiency and transparency; however, financial literacy training remains necessary.

Meanwhile, HR innovation serves as a key driving factor, as the creativity and adaptive capabilities of the workforce determine the success of business transformation. The study emphasizes that the synergy among these three innovation dimensions is more effective than implementing innovations in a partial or isolated manner. MSMEs that apply integrated innovation demonstrate significant improvements in productivity, revenue, and business sustainability.

Theoretically, this study addresses a research gap by proposing a comprehensive innovation-based MSME development model. Practically, the findings can serve as a reference for local governments and MSME development institutions in designing sustainable empowerment strategies in the digital era.

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